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NEWS SUMMARY

GENERAL

Turmoil as Iran troops run riot

Iran slid into fresh turmoil last night as troops rampaged through the southern oil city of Ahvaz chanting support for the Shah. Dozens of people were reported dead.

Political leaders on all sides warned of a possible bloodbath in the wake of the departure of the Shah, who spent the day on a Nile cruise with President Sadat of Egypt.

Other developments: Iran's Justice Minister has offered his resignation; seven ambassadors—including those to the UK and the U.S.—have been sacked; exiled opposition leader Ayatollah Khomeini urged supporters to continue strikes and disruption.

Death toll in the earthquake which hit north-east Iran on Tuesday night has risen to at least 1,000. Page 3

Local Press strike ends

The seven-week strike by 9,000 provincial journalists was called off last night and newspapers should resume normal publication by Monday.

The executive of the National Union of Journalists ended the strike after branch delegates had voted to accept an offer of 14.5 per cent. Page 8

No Smith talks

James Callaghan confirmed there will be no immediate attempt to convene all-party talks on Rhodesia. The decision follows a gloomy report from special envoy Cledwyn Hughes. Back and Page 10; Editorial Comment Page 24

Trains collide

Seven people were injured when two London underground trains collided on the Central Line near Leyton. London Transport said there had been signal failures in the area.

Cambodia clash

There has been bitter fighting along the south coast of Cambodia (Kampuchea) between troops backing Prime Minister Pol Pot and the Vietnamese-led invasion force.

Begin meeting

Special U.S. envoy Alfred Atherton had an unscheduled talk with Israeli Premier Menahem Begin amid reports of a growing dispute between the two countries over Israel's decision to build three new settlements in occupied areas. Page 3

'Fraud' hearing

Nine businessmen charged with theft and fraud involving a total of £10m in connection with London and County Securities, which collapsed five years ago, were remanded until April 23 at Bow Street court, London.

Rhoodie sought

South Africa's representative in Brazil has been instructed to repossess the passport of Dr. Eschel Rhoodie, a key figure in the scandal over misuse of funds. Dr. Rhoodie went to Brazil last November, just before his passport was due to be withdrawn.

Five-star cut

Esso will stop selling five-star petrol in the UK at the end of March. The grade accounts for less than 1 per cent of the market and Shell and BP made similar moves last year.

Briefly . . .

Fire destroyed 600 tons of cotton at Ipswich docks.

China is offering cash awards for outstanding inventions.

Reuters, the international news agency, elected Sir Denis Hamilton chairman. He continues as chairman and editor-in-chief of Times Newspapers.

Cabinet Ministers in Sri Lanka are giving 20 per cent of their salaries to a cyclone relief fund.

Man died when police in New Delhi fired on a mob trying to break into a bank.

South African spent weeks praying for rain. When it came, the accompanying lightning killed his wife and daughter-in-law.

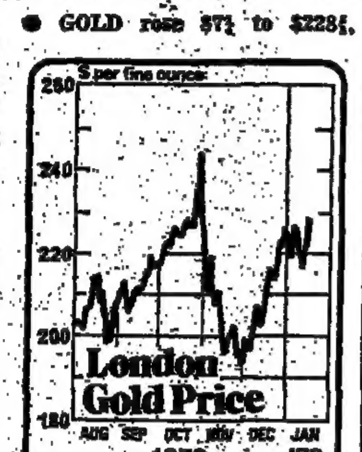
BUSINESS

Equities down 7.5; Gold up $7\frac{1}{4}$

● EQUITIES weakened on concern over the Government's spending plans and moves on pay and industrial problems. FT 30-share index closed 7.5 down at the day's lowest of 474.9.

● GILTS: Longs also closed at the day's lowest, with falls extending to $\frac{7}{8}$. Shorts losses ranged to $\frac{1}{4}$. Government Securities Index closed off 0.41 at a new 1978/79 low of 67.51.

● GOLD rose $7\frac{1}{4}$ to $228\frac{5}{8}$ after Tuesday's successful U.S. gold auction.



● STERLING rose 40 points to $2.0065. Trade-weighted index widened to 62.4 (63.3). Dollar's depreciation was 9.0 (8.8) per cent.

● WALL STREET was off 5.31 at 829.73 near the close.

● WEST German monetary authorities are pressing for co-ordinated international action to help regulate the conduct of the Eurocurrency market. Senior U.S. officials are also showing increasing interest in such a development. Back Page; Pages 32 and 35

● FRANCE'S trade balance swung into a seasonally-adjusted surplus of FFr 2.5bn (about £295m) in 1978, after two years of successive deficits, the French Trade Ministry announced.

Banks plan to reveal more

● BIG London clearing banks are planning to reveal more about profits and bad debts. The new approach will be announced in a policy statement being drafted for publication by the Committee of London Clearing Bankers. Back Page

● PENDING price rises for beer, petrol and electricity are likely ot be put into abeyance following the Government's decision to remove most of the safeguard regulations from its price control powers. Page 8

● ACAS should give priority to extending collective bargaining over the general duty of improving industrial relations, Lord Denning, Master of the Rolls, said in the Appeal Court. Page 8

Singer threat is lifted

● THREAT hanging over Singer UK's Clydebank machine plant was lifted after workers reversed an earlier decision rejecting productivity improvements, said by the company to be essential to the factory's survival. Page 7

● BRITISH Caledonian is planning to introduce new scheduled flights between London (Gatwick) and Stockholm as soon as possible. Page 7

COMPANIES

● HENLEYS pre-tax profit rose 32 per cent to £5.7m (£4.32m) on turnover of £191m (£160m) excluding car tax and VAT. Page 28

● ANGLIA TELEVISION increased pre-tax profits to a record £3.53m (£2.67m) on turnover of £20.32m (£15.76m) for the year ended October 31. Page 28

● ALITALIA, Italy's State-owned national airline, expects profits of L11bn (£6.5m) for 1978, little changed from the previous year's figures. Page 33

● MAGNET AND Southerns pre-tax profit rose to £9.32m (£7.1m) on turnover of £60.1m (£52.12m) for the half-year to September 30. Page 30

Callaghan calls in union leaders

Mr. James Callaghan called union leaders Mr. Len Murray and Mr. Moss Evans to Downing Street last night as the declaration of a state of emergency grew more likely. The Cabinet will discuss the matter today.

The Prime Minister told Mr. Murray, TUC General Secretary, and Mr. Evans, general secretary of the transport workers, of the provoking difficulties caused by secondary picketing, especially hitting food supplies.

The Road Haulage Association took an initiative towards ending the dispute by announcing that, subject to tough conditions, it would be bound by the findings of the Government's Advisory, Conciliation and Arbitration Service if it was called in.

Public service unions gave Mr. Callaghan's pay concession to the low-paid a lukewarm reception. Their plans for a national one-day stoppage on Monday will go ahead. It could spill over to Tuesday and some workers have said they will stay out indefinitely.

Mr. Murray called in Mr. Ray Buckton, the train drivers' leader, for talks last night, but the move came too late to have any chance of averting today's national rail stoppage.

Exports worth nearly £100m a day are now thought to be held up by the lorry drivers' strike. Food retailers and producers are particularly badly hit. But manufacturing industry appeared to be coping with some of the difficulties, and was delaying some planned lay-offs.

Government ready for State of Emergency

BY RICHARD EVANS, LOBBY EDITOR

THE GOVERNMENT is poised to introduced a State of Emergency after reports to Ministers yesterday that the distribution of goods, particularly of food, was deteriorating rapidly in several parts of the country.

Following consultations beween Mr. James Callaghan and senior Ministers last night, the Cabinet will assess the situation this morning to decide whether a State of Emergency should be introduced immediately so that troops can be used to move eseential supplies.

The Prime Minister called to 10 Downing Street last night Mr. Len Murray, general secretary of the TUC, and Mr. Moss Evans, general secretary of the Transport and General Workers' Union, to which the striking lorry-drivers belong, to explain the predicament the Government was in because of continued use of secondary picketing.

There seemed little hope among Ministers that either of the union leaders could exert much more influence over the pickets to ensure that they obeyed TGWU instructions to abandon secondary picketing, the picketing of companies not directly involved in the dispute.

There was a sharp change of attitude within the Government as the full impact of the picketing became apparent, with claims from food manufacturers that supplies would soon dry up.

Few MPs now doubt that a State of Emergency is inevitable, not only because of the road haulage dispute but also because of threats to water supplies and ambulance serices.

Troops were back on stand-by alert. If a State of Emergency is declared servicemen will be moved rapidly to ports and food storage depots to begin the massive task of moving supplies to shops and factories.

But Ministers stressed that only a fraction of normal supplies could be transported, and that these would have to be directed to a limited number of key areas.

A declaration, which would have to be approved by Parliament within a week or so, would give the Government powers to commandeer vehicles such as freezer container lorries. Troops would be able to use their own vehicles without a declaration.

Part of the reason for declaring a State of Emergency would undoubtedly by psychological. As well as ensuring essential supplies it would be a means of bringing maximum public pressure on recalcitrant strikers ignoring the advice of their leaders.

Some Ministers are still opposed to declaring a State of Emergency.

Mr. John Silkin, the Agriculture Minister, said last night he "would come down against" a State of Emergency.

There is growing appreciation of the political dangers facing the Government because of the stranglehold on the economy being exerted by the unions.

Mr. Callaghan warned Labour MPs yesterday with remarkable candour of the tide of public opinion now running against union disruptive tactics, which could give the Conservatives victory at the coming General Election unless the Labour movement put its own house in order.

At the same time Mrs. Mar-

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Rail strike is on and public sector unions react to new pay policy Back Page ● Road haulage pay Page 7 ● Other labour news Page 8 ● Effects of lorry strike Back Page and Pages 9 and 10 ● Parliament Page 10

Arbitration offered by road hauliers

BY NICK GARNETT, LABOUR STAFF

AN UNEXPECTED initiative aimed at ening the road haulage dispute was mae yesterday by the employers sie, which told the Government that it was prepared to go to independent arbitration.

The Road Haulage Association informed the Department of Transport and the Advisory, Conciliation and Arbitration Service, that it would accept arbitration "in the interests of the nation." This move followed a meeting of the association's national committee of regional negotiating chairman.

It was tied, however, to tough conditions being met by both the Government and the unions. First, the association wants the Government to take no action to restrict road haulage rates, as it has been threatening to do following publication of a Price Commision report criticising the industry's efficiency.

Second, it is demanding an immediate return to work by the strikers estimated to number more than 40,000, on the basis of the employers' 15 per cent pay offer. The union is claiming 23 per cent.

Third, both the Transport and General Transport Workers Union and the smaller United Road Transport Union, would have to accept the arbitration settlement.

At first sight, the proposal seems unlikely to be approved by senior union officials. The transport workers have appeared confident that they can win the dispute, even though the number of individual companies—200—where it claims to have concluded settlement, is very small compared with the total in the industry.

Robin Reeves, Welsh Correspondent, wites: Mr. George Wright, the TGWU Welsh regional secretary, reported that eight companies had signed new pay agreements with the union at £65 for a 40-hour week.

Out of a union survey of 50 haulage companies in the South Wales and Wrexham areas, 28 indicated they were ready to pay £65, but not settle individually, another 12 said they would settle between £60 and £65. Only three companies insisted they could pay no more than £60.

Pay claims held back

Eight pay settlements, involving more than 500,000 workers, breached the Government's Phase Four guidelines, the Department of Employment said yesterday.

Department figures reinforce the view that many employees are delaying settlements until a clearer picture of the going rate emerges from present disputes.

In the first $5\frac{1}{2}$ months of the current round only 1.5m employees have settled, compared with 2.4m atthe same time last year.

This has meant an artificially low increase in the index of average earnings. The year-on-year increase to November was 13.2 per cent compared with 14.7 per cent in September.

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Eagle Star joins bid for EPC

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

EAGLE STAR Insurance has stepped into the bidding for English Property Corporation.

EPC, Britain's second largest property group with book assets of £770m, is already fiercely resisting a £40.4m, 37p a share cash takeover bid from the Dutch property company, NV Beleggingsmaatschappij Wereldhave.

Now Eagle Star, which holds 27.2 per cent of EPC's equity and shares a chairman and several directors with the group, has weighed in with an approach, announced yesterday "with a view to holding discussions which may lead to offers by Eagle Star for the whole of the issued share capital and convertible loan capital of EPC not already owned by Eagle Star.

EPC shares gained $4\frac{1}{2}$p to 44p on the news while Eagle Star shares shed 3p to close at 132p.

Mr. Stanley Honeyman, EPC's chief executive, said last night that, despite the group's long-standing and close links with Eagle Star, he and his fellow directors would treat any offer from the insurer on an objective basis. "We are here solely to represent the interests of the EPC shareholders," he said.

Sir Denis Mountain, chairman of both groups, and his fellow joint directors, will take no part in any discussions at EPC. But Mr. Philip Shelbourne, EPC's deputy chairman and an Eagle Star director, did not participate in discussions at Eagle Star which lead to yesterday's announcement. As a result, he will be free to consider the approach on the property group Board.

Morgan Grenfell, the merchant bank acting for Wereldhave, said yesterday: "Whatever happens now EPC's days as an independent company are numbered."

The bank, which has so far received a trickle of acceptances for Wereldhave's offer, said that it would certainly seek Takeover Panel permission to extend the closing date for Wereldhave's bid beyond February 5 if Eagle Star and EPC's discussions carried on for some weeks.

Hill Samuel, acting for Eagle Star, believes that it may well take a couple of weeks to assemble the necessary information of EPC and rather longer if a formal offer is decided upon.

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Expenditure plans 'depend on inflation'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

GOVERNMENT plans for a steady growth in public spending over the next few years depend on keeping inflation under control—and failure will mean "less growth, less public expenditure and more unemployment."

This was stressed yesterday by Mr. Joel Barnett, the Chief Secretary to the Treasury, at the publication of the White Paper on the Government's spending plans up to 1982-83.

Mr. Barnett said that the proposed relaxation of pay policy to help the low-paid would be reflected n adjustments in cash limits. But he maintained that these limits would remain consistent with existing monetary targets and the White Paper plans in volume terms would be unchanged.

The White Paper states that the planned 2 per cent a year increase in the volume of spending is intended to be within the growth of national income and output, discussed in terms of an illustrative range of 2 to 3 per cent a year. The plans are also supposed to be consistent with the attack on inflation and general economic strategy.

The discussion of the possible development of the economy, an innovation in this White Paper, sugegsts that even on optimistic assumptions about an annual growth in pay of 7 per cent or less up to 1982 the expansion of output may at best be sufficient only to keep unemployment roughly stable. An unchanged total is assumed as a broad working assumption in the estimates of future unemployment benefits.

On the assumption of an 11 per cent annual rise in earnings up to 1982 the rate of price inflation would remain close to 10 per cent, the rate of output growth would slacken significantly, unemployment would probably rise and the sterling exchange rate would decline. Moreover, a stricter fiscal policy would be inevitable.

Mr. Barnett conceded that "the 2 to 3 per cent growth rate of these projections was in any case substantially below the sort of growth rate that we had earlier hopes for when looking to the opening years of the 1980s." This is partly because of the relatively gloomy view taken of the underlying growth of output per haed, which has slowed substantially since the mid-1970s recession.

Consequently, in spite of a faster growth fo labour supply the up to 1973 and with the benefits of North Sea oil, the expansion of productive potential is unlikely to be much above its pre-1973 trend of about 3 per cent a year.

Many outside commentators believe that even the high earnings projection in the White Paper may be too optimistic and the present plans may in practice prove to be the basis for future changes in fiscal policy,

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MAIN POINTS

● Public spending projected to grow by 2 per cent in volume terms in 1978-79 compared with current financial year and by 4.5 per cent if expected shortfall is excluded.

● Totol planned expenditure of £68.16bn in 1979-80 roughly the same as proposed in the last White Paper a year ago.

● Pattern of spending little changed with main increases in child benefits, employment measures, health, education, and law and order. These rises covered from previously unallocated provisions and from reduced borrowing needs of nationalised industries.

● Projected growth of spending in 1980-81 and thereafter of about 2 per cent a year but later figures increasingly provisional. Large and growing contingency reserve to provide flexibility.

● Continued growth in current expenditure, especially transfer payments such as social security benefits, but broadly constant volume of capital spending over the next four years.

● Above average growth in spending on defence, overseas aid and employment services. Social security, health and personal social services, housing and law and oder all planned to rise in line with total. But spending on trade and industry projected tc decline.

£ in New York

—	Jan. 16	Previous
Spot	$2.0030-0045	$1.9860-9875
1 month	0.37-0.32 dis	0.44-0.39 dis
3 months	0.89-0.84 dis	0.99-0.94 dis
12 months	2.40-2.20 dis	3.00-2.80 dis

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Brussels seeks Romania trade pact

BY GILES MERRITT IN BRUSSELS

THE EUROPEAN Commission is to seek a mandate from the Council of Ministers to open talks with Romania on a wide-ranging trade pact. The announcement in Brussels came on the eve of French President M. Valery Giscard d'Estaing's two-day visit to Bucharest, while the launch of the negotiations has been underlined here by France as a major goal of the six months' presidency of the Council that it began on January 1.

The negotiations are expected to begin in the second quarter of this year and could result in what Commission officials are describing as a "substantial change in Romania's relationship with the EEC."

The move is, however, a politically sensitive one, for Romania's decision to make its own trade arrangements with the Community coincides with recent tensions between Bucharest and Moscow and must also be set against the background of the EEC's continued refusal to sign a trade deal with Comecon as a whole.

Romania would be the first of the Comecon countries to establish a bilateral pact with the EEC on general trade, as distinct from the narrower agreements that now exist between some Comecon countries and the Nine on steel and textiles.

Commission officials have emphasised, however, that a Romanian trade deal would not, unlike the associate status enjoyed by most Mediterranean countries or the Lomé Convention with third world countries, imply political relationship with the EEC.

If successful, the trade package would cover 85 per cent of Romania's external trade, with only agriculture and fisheries being excluded. The trade conditions that will be discussed fall into three broad categories; the total abolition of EEC quotas in some areas, the suspension of quotas in others in return for voluntary restraint by Romania and the overall enlargement of existing quotas.

The manufacturing industries that the Romanians are particularly keen to favour, it is thought in Brussels, range from footwear to furniture, electrical goods, chemicals and refined petroleum products.

Exploratory talks on a deal to liberalise EEC-Romanian trade began in Brussels last July at Romania's request. Since 1972, Romania has been the foremost member of Comecon in negotiating its own trading arrangements with the Community. The general preferences that it won from Brussels in 1974 were followed in 1976 when Bucharest was the first eastern European government to sign a textiles pact with the EEC. Last year Romania also agreed a steel pact with the Community.

Poncet insists on MCA limitation

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

THE FRENCH Government yesterday outlined a generally low-key programme for its EEC presidency, amid scant signs of progress towards an early solution of the deadlocks blocking the start of the European monetary system (EMS) and the implementation of this year's Community budget.

Despite sometimes hostile questioning by members of the European Parliament, M. Jean Francois Poncet, the French Foreign Minister, stood firmly by his Government's demands that the EEC's system of financing farm trade must be altered before the EMS could begin.

At the same time, an unrepentant Parliament offered no hint of any willingness to compromise in its continuing constitutional dispute with the Council of Ministers over the size of the new EEC budget.

The row stems from the Parliament's decision late last year to add another $250m to the EEC regional fund in defiance of the Council's wishes. The Council insists that the increase is illegal because the Parliament has exceeded its limited authority to amend the draft budget.

In a sharply-worded speech, Herr Ludwig Fellermaier, the West German Social Democrat who heads the Socialist group, denied that the Parliament's action was illegal. It had merely acted in the spirit of the Rome Treaty, one of whose aims was to remove imbalances between different sectors of the Community.

But with the predictable exception of the Gaullists and President Giscard d'Estaing's independent Republicans, this welcome found little echo elsewhere. Indeed, Herr Fellermaier strongly criticised the council for allowing the EMS to become embroiled in the dispute over MCAS.

While pledging his Government to seek solutions to these problems, M. Francois-Ponset also set out a list of priorities for its six-month presidency which was patterned largely according to the timetable already laid out for the EEC during the first half of this year.

However, he emphasised in particular the need for the EEC to conclude as soon as possible negotiations on a new trade agreement with Yugoslavia and to adapt its existing association agreement with Ankara so as to provide Turkey with "all the aid which it is entitled to expect."

Despite the increasingly intransigeant stand taken by both sides in the dispute, the European Commission may launch a mediation attempt later this week. It is understood to be considering proposing a compromise, under which the Council would accept that a budget had, in fact, been voted, in exchange for the approval by the Parliament of a number of additional amendments.

Though the outlook for an agreement is highly uncertain, the Commission is under a strong compulsion to seek a solution, since it is responsible for administering EEC spending. But in the present legal limbo, there is a risk that EEC governments will fail to contribute sufficient funds after the end of this month to finance planned expenditures.

Meanwhile, M. Francois-Poncet continued to insist yesterday that before the EMS could go into operation, the EEC must agree to limit the creation of any new monetary compensatory amounts (MCAs) to a maximum period of one year and to adopt a timetable for phasing out existing MCAs.

MCAs are EEC payments designed to offset the effect of parity changes on farm trade. At present, they act as a tax on French farmer incomes, as a subsidy to German farmers and also as a subsidy towards the cost of Britain's food imports.

France's opposition to the MCA system received surprisingly outspoken support yesterday from Mr. Geoffrey Rippon, leader of the Conservative group and MP for Hexham. Indeed, he went so far as to say that he and his colleagues positively "rejeiced" at the French move, recalling that the British Conservatives in Westminster had forced the Government last year to devalue the "green pound," thereby cutting Britain's MCA payments.

Poehl warning on EMS

BY OUR BONN CORRESPONDENT

THE BANDESBANK has given a serious warning against tying parity changes within the proposed European Monetary System (EMS) to a solution of agriculture problems. The warning comes when the EMS is being delayed because of demands by France on farm issues.

Herr Karl Otto Poehl, the Bundesbank's vice-president, stressed it was important that parity changes could be carried out speedily and without disruption within the EMS.

If such action were delayed or even blocked because of discussion of its likely consequences on farmers' incomes, the functioning of the EMS would be endangered. Central banks could be faced with a degree of intervention to defend the existing parities which was unacceptable.

Herr Poehl's comments are seen here as a warning against adoption of one solution mooted by some to enable the EMS—which was due to start on January 1 — to go ahead formally.

France has sought a timetable for phasin gout Monetary Compensatory Amounts (MCA's) in Community farm trade—which, among other things, compensate German farmers for the rise in the value of the Deutsche Mark.

It has been suggested that one way out of the dilemma would be to agree to raise the issue of MCA's and farmers incomes each time a parity change in the EMS became desirable.

The Bundesbank's fear, shared by many in Government, is that such a procedure would delay parity changes interminably. The added central bank intervention if would imply would be likely to swell domestic money supply and inflation. The independent Bundesbank has long insisted that it would draw the line at that.

Monetary curbs relaxed in Italy

By Rupert Cornwell in Rome

THE BANK of Italy last night announced a significant relaxation of its monetary curbs, a key component of the policies which have led to the considerable improvement in the country's external finances since 1976.

Henceforth the limit on bank loans to industry which do not fall within the present overall credit ceilings will be doubled from L50m (£29,000) to L100m.

At the same time the central bank is to increase maximum permitted credit expansion by one point to 14 per cent for this month and 15 per cent for March 1979 compared with the baseline of March, 1978. The moves are expected to increase credit available to industry by between L1,000bn and L.200bn over the next two months.

The Bank said that the measures were aimed at supporting the recovery in output. The total credit pool has also been reduced by a drop in foreign borrowing by Italian corporations, now that domestic rates have fallen to, or even below, comparable rates on the Euro-markets.

The decisions reflect the strong external position of Italy, which is likely to report a payments surplus of up to £3.512m for 1978. There are signs, too, that the public sector's large appetite for funds is under better control.

Communists ponder move to opposition

By Our Rome Staff

LEADERS OF the Italian Communist Party were meeting here yesterday to decide whether or not to pull out of the present parliamentary majority—a step that could well lead to early general elections.

The keenly watched strategy discussions, which were continuing into the early evening, follow a series of bitter attacks by the Communists on the ruling Christian Democrats. Their common theme is that the latter have betrayed the spirit in which the present governing formula was established ten months ago.

In particular, the Communists have to decide their attitude to the three years economic recovery plan just published by the minority government.

However, at the heart of the dispute is the renewed demand of the Communists for a greater ruling role. Christian Democrat leaders though have flatly ruled out any question of admitting the Communists directly into government.

If they were to go into direct opposition, the almost certain consequence would be early elections, amid indications that the party would lose some ground from its high point at the last poll in June 1976.

The dilemma is illustrated by an opinion poll in the weekly magazine Espresso giving the Christian Democrats 42 per cent of voting support (against 38.7 per cent in 1976). The Communists are down to 30 per cent from 34.4 per cent, while the other major gainers are the Socialists up from 9.6 to 12 per cent.

This is one reason why the Communists' delicate task is somehow to disassociate themselves from the current ruling majority—and thus improve their image, especially before the party's March congress—without provoking an immediate election.

Meanwhile the Christian Democrats, backed by the Socialists and the Social Democrats from the existing parliamentary majority have called for a five-party summit to clear the air and avoid a government crisis of such unpredictable outcome.

THE CDU LEADERSHIP DEBATE

Critics close in on Kohl

BY JONATHAN CARR IN BONN

DR. HELMUT KOHL, luckless leader of the Christian Democratic opposition in West Germany, is in danger of being stabbed in the back by his own political friends. Little wonder that the question of just how long he can last is being put ever more insistently in Bonn.

It would be hard enough to have to face in Helmut Schmidt a Government leader who has built up an authority equalled in West German history only by that of the first Chancellor, Dr. Konrad Adenauer. But on top of that the CDU is in alliance with a Bavarian party, the Christian Social Union (CSU), whose quick-witted leader Herr Franz Josef Strauss thinks little or nothing of Dr. Kohl—and makes no secret of it.

Even that would be tolerable if Dr. Kohl could rely on the unreserved loyalty of other leading figures in the CDU. A vote in his favour by both the Party Presidum and National Executive Committee last week would seem to show that he does have such support. But the vote is deceptive and Dr. Kohl's future bleak.

At issue was whether Dr. Kohl should drop his post of leader of the CDU-CSU group in the Bundestag (the lower house of Parliament), to concentrate on his other post as party chairman. Publicly it was suggested that the idea was to help Dr. Kohl since only a Hercules could master both tasks at once. Privately many CDU supporters are dismayed by Dr. Kohl's Bundestag performances which they feel lack fire, drama, elan—indeed, almost all the things a Parliamentary leader should provide. The Social Democrat (SPD) and Liberal Free Democrat (FDP) parties in the coalition rarely seem to be under pressure—even less so since Herr Strauss forsook the Bundestag last year to take up the post of Prime Minister of Bavaria (while maintaining his CSU leadership).

Herr Schmidt rubbed salt into saying he would like to see a rather stronger Parliamentary opposition performance since this would be healthy for West German democracy.

Stimulating thinker

The idea for a division of posts came from Dr. Kurt Biedenkopf, a former university rector, businessman, one-time General Secretary of the CDU and, at 48, the same age as Dr. Kohl. He is a stimulating thinker (particularly on economic affairs), a party Deputy Chairman and head of the powerful Westphalian organisation — but he clearly lacks reliable allies at present within the top echelons of the CDU.

His ideas fo r a division of labour, at first made privately to those whom he dbelieved to be party friends, were promptly leaked to the Press. When it came to show-down and vote in the leading party bodies last week, support for Dr. Biedenkopf's proposals melted away.

But Dr. Biedenkopf won at least part of his point. It was agreed that efforts be made to reorganise Opposition work in the Bundestag — to make it more effective, as the CDU puts it. And there was praise for Dr. Biedenkopf as a "quick-thinking, intelligent politician" from none other than Herr Strauss — a further sign that the two men have made up an old quarrel and now find interests in common. Could it be thaet they might be forming some kind of alliance, perhaps connected with Herr Strauss's old idea of forming a fourth party beyond Bavaria based on the CSU?

Perish the thought. Herr Strauss insisted publicly there was no question of an axis between himself and Dr. Biedenkopf — still less of a conspiracy against Dr. Kohl.

Preparing ground

The official word from the CDU is that the question of a division of posts is out of the way — and that the Opposition can intensify its efforts to underline government failings, thereby preparing the ground for a general election win next year.

None the less, Dr. Kohl seems bound to come under intense pressure and criticism in coming months no matter what he does.

If the opposition's Bundestag performance improves, many will say it is because Dr. Kohl's role has been reduced—but if it does not, critics will suggest that Dr. Biedenkopf's ideas for a complete separation of posts were right after all. Further, the party faces important Land (State) elections—in Berlin and Rhineland Palatinate on March 18, and in Schleswig Holstein on April 29. If these go badly—then much of the blame will inevitably be laid at Dr. Kohl's door. If they go well—then the local CDU leaders will receive a boost, causing some to see them as potential rivals to Dr. Kohl.

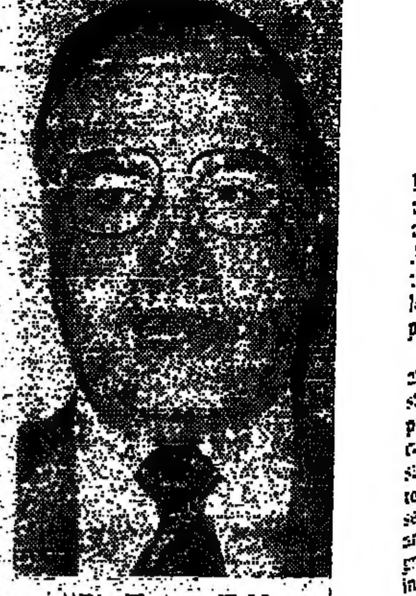
In between the elections the CDU will hold its party conference at Kiel from March 25-27 at which Dr. Kohl will be up for re-election as party chairman.

He has no formal rival at present. But a poorer result than he gained before would unleash yet more critical discussion, and undermine further his prospects for leading the combined CDU-CSU int othe general election campaign as candidate for Chancellorship.

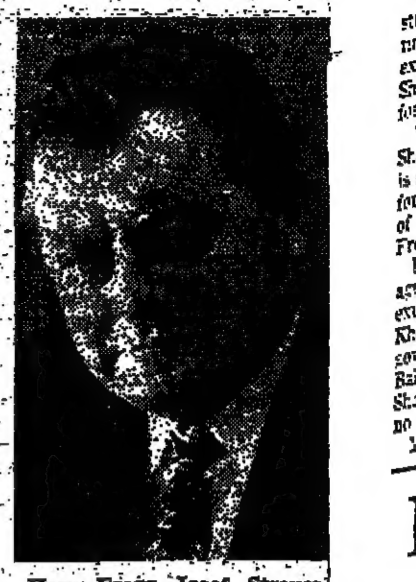
It is not hard to criticise Dr. Kohl. One long-time observer of the Bonn political scene unkindly, but perhaps accurately, remarked that "this humpty dumpty never fell off the wall because he was unable to clamber on to it." There has long been a feeling that this evidently honest, decent man who made an outstanding provincial Prime Minister, has never quite measured up to the demands of Bonn political life.

But under his leadership the CDU-CSU did, after all, gain 48.6 per cent of the vote in the 1976 general election. Which alternative Opposition leader is likely to do better—or even as well? It is conceivable that Dr. Kohl may suffer the fate of Dr. Ludwig Erhard, briefly Chancellor in the 1960s—dumped by party colleagues whose own hopes of lasting national political success then went unfulfilled.

The CDU has been out of power for nearly a decade now and its persistent internal squabbling gives little encouragement to its friends and allies that it is about to make a come-back.



Dr. Hermut Kohl



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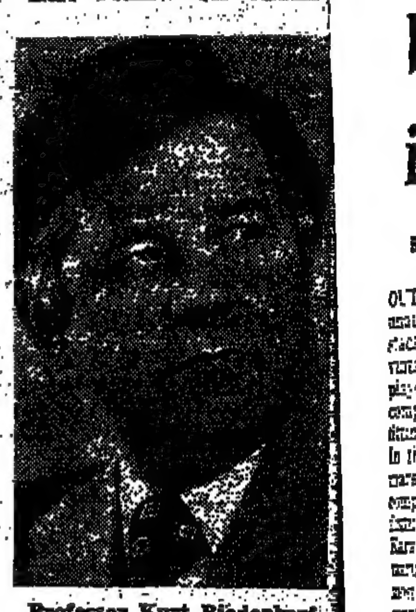


Professor Kurt Biedenkopf

France swings into surplus

By Robert Mauthner in Paris

FRANCE'S trade balance swung into a seasonally adjusted surplus of FFr 2.5bn (£295m) in 1978, after two years of successive deficits, the Trade Ministry announced yesterday.

M. Raymond Barre, the Prime Minister, has thus achieved one of the main objectives he set himself when he was appointed in August 1976 by President Giscard d'Estaing, with the specific task of restoring an ailing economy.

Officials admit the improvement in the trade performance was greatly helped by a slack domestic economy, which kept down imports, as well as by such external factor as stable oil prices, generally low prices for imports of raw materials, and, not least, the dollar's sharp depreciation throughout the year. But a much better export performance certainly made an important contribution to the improved trade figures.

Exports last year increased by 12 per cent, compared with 1977, to more than FFr 357bn, a rise nearly twice as great as that for imports, which went up by only 6.6 per cent, to FFr 355bn.

The overall result for 1978, however, was slightly overshadowed by a return to a seasonally adjusted deficit in December of FFr 871m (£100m), onoly the third month last year in which the trade balance was in the red.

Although another trade surplus is still officially forecast for this year, it will clearly be much more difficult to achieve, given the larger oil bill which France will have to pay, estimated at an extra FFr 6bn. In 1978 France kept its bill for oil imports down to slightly less than FFr 50bn, FFr 8bn lower than the original estimates.

Ruhr area put on smog alert

By Adrian Dicks in Bonn

THE NORTH Rhine-Westphalia state government yesterday declared a limited smog alert in most of the western Ruhr and lower Rhine, West Germany's most concentrated industrial areas. It was the first time that such action has had to be taken under the clean air legislation introduced in 1974.

The authorities broadcast an appeal to drivers to use vehicles as little as possible, and for people to refrain from burning refuse or lighting open fires.

Spanish Minister visits Moscow

BY DAVID SLATTER IN MOSCOW

SR. MARCELINO OREJA AGUIRRE, the Spanish Foreign Minister, arrived here yesterday for the first visit by a Spanish Foreign Minister to the Soviet Union.

He was met at the airport by Mr. Andrei Gromyko, the Soviet Foreign Minister. Sr. Oreja is expected to discuss Soviet-Spanish economic co-operation and Spain's relations with the rest of Western Europe during his three-day official visit, which may include a meeting with Mr. Leonid Brezhnev, the Soviet President.

The Russians have given considerable verbal support to the democratisation of Spain and dismantling of the Franoist dictatorship, and the visit is being taken by the Soviet Press as a symbol of the reconciliation between the two countries, hich to years ago only established diplomatic relations.

There will also, however, be concrete matters to discuss, and Spain is interested in more trade with the Soviet Union, while the Soviet Union is anxious to stop Spain joining NATO or the EEC.

Spanish-Soviet trade has grown since diplomatic relations were established, but is still at a very low level compared ith Soviet trade with other Western European countries.

In 1977, total trade had a value of only 229m roubles (£173.5m), with the balance heavily in the Soviet Union's favour. The Soviets have said this does not correspond to existing opportunities.

The Kremlin leaders are expected to press Sr. Oreja about the possibilty of Spain joining NATO. The Soviet media has referred to a "procession" of high NATO officials to Madrid, and "secret contacts" between Spain and NATO headquarters in Brussels.

The declaration after the Warsaw pact meeting in Moscow last November repeated the long-standing proposal to freeze the membership of the two military blocks — a proposal directed against Spain joining NATO.

There is also likely to be an attempt to lobby against Spain joining the Common Market. The foreing affairs weekly New Times reported this week that "sober voices" in Spain are calling for a balance in foreign trade, which would include links with the Soviet Union and other Socialist states such as Cuba.

Norway oil tax take rises

BY FAY GJESTER IN OSLO

NORWAY'S tax take this year, from oil and gas production on its continental shelf, will be its continental shelf will be NKr 6.9bn (£682m), some NKr 1bn higher than foreseen in the budget forecast published in October. Tax and royalties on petroleum production are collected a year in arrears, so the benefits of the higher take will be felt this year.

The Oil Ministry now estimates the value of last year's oil and gas output at NKr 15.9bn, NKr 1.4bn more than the budget estimate. The rise in production value partly reflects the recent increase in oil and gas prices, and partly the fact that output was slightly higher than foreseen. It reached 30.6m tonnes of oil equivalent last year, 0.6m tonnes more than expected.

Previous adjustments of Norway's petroleum income and production estimates have generally been downwards. The increase in the 1978 figures is good news for the Government, which is struggling with a huge payments deficit and a sluggish domestic economy.

Portuguese inflation falls

BY JIMMY BURNS IN LISBON

PORTUGAL HAS reduced its inflation rate to 22.2 per cent in 1978 according to provisional figures released by the National Institute of Statistics.

The figure is a considerable improvement on 1977 when the annual inflation rate was 27.4 per cent, although it is still above the 20 per cent target originally set by the Government for last year.

Consumer prices in Portugal, excluding housing rose by 2 per cent last month, with the most significant increases being recorded in foodstuffs and beverages. The increase showed that inflation steadied towards the end of the year following a sharp acceleration to 3.4 per cent in October, mainly due to sharp increases in the price of petrol and industrial and domestic fuels.

During the first six months of the year last year, there were considerable fluctuations in the Portuguese price index. In April, there was a sharp acceleration to 6.7 per cent owing to an increase in the price of key items, including gas, electricity, and public transport. During the summer months however the inflation rate fell back well within Government guidelines.

The 1978 inflation rate indicates that Sr. Carlos Mota Pinto's Government has an uphill task this year, particularly in convincing the unions to accept further wage restraint. Salary increases last year were pegged to the original Government inflation forecast of 20 per cent, which means that real wages fell. Nevertheless, the Government has indicated that it would like to see the 20 per cent ceiling on wage increases stick for at least another year.

Austria likely to cut bank rate by 0.5%

By Paul Lendvai in Vienna

THE AUSTRIAN central bank is expected to cut the discount rate next week by 0.5 per cent to 4 per cent in a move to stimulate the economy and to reduce borrowing costs. Bank rate was last cut in June when it was lowered by 1 per cent from 5.5 per cent.

The decision to cut the rate again was taken on Tuesday night at a meeting of Dr. Stephan Koren, the national bank president, and Dr. Hannes Androsch, the Finance Minister.

The move by the central bank will be followed by an agreement to be concluded by the Austrian credit institutes on the basis of the new banking law which is expected to be passed by Parliament this week.

Austrian banks are faced with growing pressure on their profit margins as a result of paying interest rates up to 8 per cent on deposits, while the rate for commercial credits is only 8-8.75 per cent. Herr Androsch stressed that the economy would save Sch5.5bn (£202m) through lower interest rates, more than through a similar reduction of wage costs.

The Austrian credit institutes will conclude a new agreement on creditors' interest rates, for, though the so-called basic rate of savings deposits is only 4 per cent and 5 per cent on those with a 12-months withdrawal notice, the various competing banks are offering considerably higher rates on savings deposits.

The new banking law will provide for fines of up to Sch 500,000 for breaking the agreement on creditors' interest rates, which are opposed by Dr. Josef Taus, the opposition leader and himself a former leading banker, as a step towards state control and stifling free competition.

Turkey and U.S. open talks on defence agreement

BY METIN MUNIR IN ANKARA

TURKEY AND the United States open talks here today on a new defence agreement, in what is expected to be the final step in normalising relations between the two countries.

The old agreement was abrogated by Ankara in 1975 when the U.S. Congress imposed an embargo on arms supplies to Turkey following the Turkish invasion of Cyprus in the summer of 1974. Ankara also halted the work of U.S. bases in Turkey.

The embargo was subsequently relaxed, but the U.S. bases remained shut. There was no solution in view of the Cyprus situation.

In March 1976 Dr. Henry Kissinger, the then U.S. Secretary of State, signed a new defence agreement with Turkey, which would have run for four years. Under it, Ankara would have received $1bn worth of arms.

In the event, the agreement was never ratified, and was killed when President Carter and Prime Minister Bulent Ecevit disclaimed it.

The new accord will fill a vacuum which has existed since July 1975.

Shortly after President Carter lifted the arms embargo last autumn, Mr. Ecevit allowed the re-opening of U.S. bases on a one-year provisional basis. It is the improved climate in relations brought about with these developments which have made these discussions possible.

The agreement will establish a status for the U.S. bases (tactfully referred to as the joint defence installations) and American personnel in Turkey.

The U.S. has two key bases in Turkey which house some of the most sophisticated land-based surveillence systems in the world—at Sinop on the Black Sea and Pirinclik in the eastern part of the country. These enable the U.S. to monitor Soviet air and naval activity and missile and nuclear weapons tests.

In addition there are about two dozen other facilities including nuclear silos, early warning radar sites, air fields for tactical aircraft and supply and ammunition depots for U.S. air and naval forces operating in the eastern Mediterranean.

At the Incirlik air base in south-eastern Turkey, near Syria, are stationed the most forward deployed land-based U.S. aircraft in the eastern Mediterranean area capable of launching a tactical nuclear strike.

A U.S. Congress report assessing the value of the Turkish bases declared that "the Turkish intelligence installations provide valuable support to the overall U.S. intelligence gathering effort aimed at the Soviet Union and thereby augment knowledge of Soviet compliance with anti-ballistic missile and strategic arms limitation agreements, their military activities, their testing of missiles, satellites and their explosion of nuclear devices."

It has been estimated that 25 per cent of all information obtained by the U.S. on Soviet missile launches comes from Turkey. This information, states the Congress report, could not be "totally replaced" through relocation or other means. The essential value of Turkish bases was securing information that strongly confirmed data obtained elsewhere.

The talks will be based on the draft of an agreement prepared by the Turkish side. Officials said that a chief aim will be to strengthen Ankara's control of the bases through an increased presence of Turkish military and technical personnel. The accord will contain no financial clauses, they said.

The U.S. opposes this move on grounds that it may set a precedent. However, President Carter is to ask Congress for $300m in military assistance to Turkey in 1980, some $75m in excess of the previous allocation.

The U.S. ambassador to Turkey will lead his country's delegation to the talks which will commence at the technical level and are expected to last about a year.

Washington's military interests in Turkey are closely connected with President Carter's commitment to help Mr. Ecevit bring an end to his country's economic crisis, a commitment conveyed last week by Mr. Warren Christopher, the U.S. Deputy Secretary of State, during an official visit.

The U.S. Administration believes that unless Turkey is assisted financially, it may follow Iran into political chaos. Officials argue that the U.S. presence in Turkey could be jeopardised and the Turkish-U.S. defence treaty be rendered useless.

The decision to prepare a programme of multilateral assistance to Turkey was taken at the recent Gaudeloupe summit meeting of President Giscard d'Estaing of France, President Carter of the U.S., Mr. James Callaghan, the UK Prime Minister, and West German Chancellor Helmut Schmidt.

By coincidence, the representatives of these four states come together in Bonn today to start negotiations on the details of the programme of aid to Turkey.

Demonstrations in Iran follow Shah's departure

BY OUR FOREIGN STAFF

IRANIAN TROOPS fought thousands of demonstrators in the southern oilfields city of Ahwaz yesterday, the day after the Shah left the country. At least 25 casualties were reported.

Groups of frenzied officers and soldiers ran through the streets of the city after morning prayers at the Ahwaz garrison, calling for demonstration in support of the Shah, according to a Tehran newspaper. One serious clash occurred when armed troops came across a group of demonstrators attempting to topple a statue of the Shah.

Elsewhere in Iran, widespread strikes and disruptions continued yesterday, as workers expressed their anger at the Shah's failure to abidcate formally.

"Nothing has changed. The Shah has left, but the system is still there," said a spokesman for Karim Sanjabi, the leader of the opposition National Front.

He said the National Front agreed with the position of the exiled Ayatollah Ruhollah Khomeini that the civilian government of Dr. Shahpour Bakhtiar, installed before the Shah's departure, should receive no co-operation from the people.

Much of the nation's railway network remained paralysed by strikes, and international telex and some other telecommunications services were still disrupted. Communications workers said they had received no instructions yet from Ayatollah Khomeini to resume operations. Central Bank officials also strikes were hampering the Bank's work.

Electricity cuts were continuing in Tehran ,however, because of shortages of fuel or strikes, but the Ayatollah Khomeini's representative in negotiations with striking petroleum workers, Mehdi Bazargan, is said to have approved the export of 2m tons of heavy oil to make room for domestic fuel in storage areas.

The National Iranian Oil Company (NIOC) has said it will be exporting 300,000 tons of oil in the next few days, from Bandar Mahshahr and Kharg Island, Iran's first exports for several weeks.

Meanwhile in Paris, a top aide to the Ayatollah Khomeini has said he expects the Ayatollah's new provisional Government to be announced within the next few days.

In Aswan, Egypt, the Shah is resting at the Oberoi hotel, on an island in the Nile. He is expected to make few public appearances before he flies to the U.S. before the end of the week.

Iran radio announced during the day that Iran's ambassador to the U.S., Ardeshir Zahedi, has resigned, and that seven other ambassadors have been relieved of their posts. They are the ambassadors to Britain, the United Nations, France, Brazil, India, Syria and Italy.

The earthquake which hit a remote area of north-eastern Iran on Tuesday, at about the sametime as the Shah's departure, may have caused 1,000 deaths, according to the Tehran ewspaper Ettelaat. The total number of bodies so far recovered is 199.

Gaddafy accused

By Ihsan Hijazi in Beirut

THREE Lebanese Moslem armed men who hijacked a Middle East Airlines airliner on Tuesday have reopened the speculation surrounding the case of Imam Musa Al Ader, the spiritual head of Lebanon's 900,000 Shia' Moslems who disappeared mysteriously last August after a visit to Libya.

A spokesman for the hijackers accused Colonel Moammar Gaddafy, the Libyan leader, of holding the Imam and two of his aides prisoners in Libya.

Rhodesia calls for wages curb

By Tony Hawkins in Salisbury

RHODESIA'S TRANSITIONAL Government yesterday renewed its call to both employers and employees to exercise moderation in wage and salary negotiations.

In a statement giving a broadly gloomy assessment of the economic outlook, the Government said that since the wage freeze was relaxed in mid 1978, most wage agreements had shown commendable restraint: Higher increases had been paid to lower income groups (blacks), and such moves towards a narrowing of the income gap were acceptable as long as they were gradual.

However, the statement warned that the Rhodesian economy would continue under strain in 1979 with real income likely to fall for the fifth successive year. "Clearly the economic indicators all point to the need for continuing restraint in prices and in negotiations for wage and salary increases." The statement urged businessmen and trade unions to "keep in mind" the many adverse factors that will influence the Rhodesian economy.

The Government said business profitability was being adversely affected by the security situation, transport congestion and more stringent application of economic sanctions.

A negotiator for the Third World

BY HUGH O'SHAUGHNESSY

A STRONG call for the establishment of an Organisation for Economic Co-operation among Developing Countries (OECDC) to assist the Third World in its negotiations with the developed countries was made this week by Mr. S. S. Ramphal, Secretary-General of the Commonwealth Secretariat.

Saying that relations between the developed and developing world had in the mid-1970s moved from the level of petition to that of negotiation, Mr. Ramphal argued that the poorer countries were particularly ill-equipped for the process of detailed bargaining on trade and general economic subjects. This lack of expertise was made all the more serious, he added, because of the increasing effective co-ordination among the richer countries in such forums as the EEC, the Nordic Council, the OECD and others.

Mr. Ramphal, a former Foreign Minister of Guyana, was speaking at a conference in Windsor organised by the World Bank and the Overseas Development Institute.

He added that in many cases the negotiating stance of the developing countries was maintained by "a group of dedicated ambassadors in Geneva and Brussels who often had little support from their capitals."

In a paper Third World Unity: Mirage or Mandate?, The case for better organisation of the South, Mr. Ramphal said, "Neither in the Non-aligned Movement nor in the Group of 77 is there any permanent machinery established to carry out the essential preparatory economic world of analysis, of co-ordination or of planning. There is no permanent Third World machinery for exploring the collective policy options of the developing countries; there is no established cadre of professionals engaged on developing a negotiating strategy for the South ...

"The net result of all this is that the South is almost wholly unorganised in terms of negotiations with the North and even in terms of relations within the South."

When considering the groupings through which a new institution could be established Mr Ramphal suggested that the Non-aligned Movement was beset by too many doubts and misgivings and doctrinal impediments on the part of members to be the parent body.

The Group of 77 probably provides the most portitious habitation for it: certainly, it is a practicable inter-governmental authority for establishing it and laying down its policy prescriptions."

Mr. Ramphal added that working on a budget of about half of the UN Economic Commission for Africa the OECDC could be financed by the Group of 77 countries on the basis for less than $25,000 a year for 75 of the groups 117 members

Settlements row clouds U.S. Mideast talks

BY DAVID LENNON IN TEL AVIV

THE AMERICAN effort to renew the Middle East peace talks which started in Jerusalem yesterday was overshadowed by a growing row between Washington and Jerusalem over Israel's decision to build three new settlements

Mr. Alfred Atherton, the special U.S. envoy, held two meetings with the Israeli negotiating team, headed by Dr. Eliyahu Ben-Elissar, director-general of the Prime Minister's office. The U.S. is seeking ways to overcome the deadlock on the interpretation of two of the clauses in the draft Egypt-Israel peace treaty worked out in November.

Officials here have not pinned any great hopes on the new U.S. mediation. Israel is not proposing any new ideas and officials here say that the success of the talks will depend on the ability of the U.S. to offer acceptable new ideas.

But all this was overshadowed by reports from Washington that President Carter was sending a sharply worded letter to Mr. Menaheim Begin, the Prime Minister, protesting Israel's decision to build two new settlements on the West Bank and one in the Gaza Strip.

Israeli papers yesterday quoted an unnamed U.S. official as saying that Mr. Carter was sending a protest note. He added that the creation of new settlements would not help the Atherton mission, or the convening of a new summit meeting between President Carter and President Sadat and Mr. Begin.

Officials in Jerusalem said privately that this was gross U.S. interference in Israel's domestic affairs. They were especially angry over the way the news of the letter was released in Washington before it had reached Jerusalem.

Pakistan's economic bonus from boom in shipbreaking

BY CHRIS SHERWELL IN ISLAMABAD

OUTSIDE downtown Karachi's unattractive Metropole Hotel, stacked atop a rushing 1950s-vintage Ford Anglia, is displayed an array of ship's lights, complete with brass and copper fittings, and a scarlet lifebelt. In the bazaars and second-hand markets of this bustling port, compasses, bells and other ships fixtures adorn the old counters. Karachi's cracking trade in marine paraphernalia is only the most visible spin-off of the country's biggest growth industry: shipbreaking.

Thirty-five miles west of the city, across the Hub river and into Baluchistan province—well beyond where foreigners can go—stands a graveyard which would break a nautical heart. Ine hundred and thirty eight ships in various stages of dismemberment lie beached along a 15-mile stretch of once-golden sand, driven straight in from the set for the last time. This is Gadani, site of the world's third largest shipbreaking industry.

Thousands of men crawl like ants over the hulls, wielding oxygne torches to cut the steel. Cheap labour is the key to Gadani's success and the work is practically all manual. Winches help load hundreds of trucks which cart pieces of steel to market across shocking roads. They also haul water for the workers and food too. There is no electricity, no telephone, no proper housing and no schooling.

To some of the Karachi entrepreneurs behind this extraordinary activity there is no industry either. Because ships can be landed and broken at enormous profit in less than a year, and because they can get out of the business in as little as six months, it fits most of the requirements imposed by Pakistan's sour investment climate. It is, as one of them observed candidly, a trading activity.

Breakers can expect to reap as much as $130 a ton profit on the purchase of a scrap vessel if they take it through to the point where the scrap steel is sold in Karchi. Even this is not as good a margin as it was. One man breaking his second ship reckons he'll make less than on his first, on which he made still less than those who were in at the beginning less than a decade ago. Another says he is moving out of buying and beaching to concentrate on the more profitable breaking.

Thus, while the growth has been spectacular—six years ago there were still only four ships at Gadani—the boom is expected to falter in the coming few years. The Russian-built Karachi steel mill, now expected to be producing in 1982, is supposed to meet most of the country's scrap needs.

On top of this, steel-short India is entering the market in a big way, aiming to become second-largest breaker behind Taiwan. In addition, things could become still tighter if world trade picks up and squeezes the scrap vessel market.

None of this has stopped Pakistan's military-cum-civilian Government from stepping in to exert some of its own influence. Any economic development of the backward Baluchistan region is politically useful, particularly if it brings money and jobs.

The business is also an important revenue-earner through customs duties and taxes, and a foreign exchange saver on steel imports. Growth must therefore be put on to a less haphazard basis than in the past, in the eyes of the authorities.

For all the shipbreakers' beliefs that their industry is not in fact an industry they themselves have sought to get it classified as such. Industries in Baluchistan are exempt of tax for five years and pay no import duty on machinery or raw materials. Being mostly Karachi-based, they have also sought to have key issues handled by the federal Government rather than the Baluchistan Government.

The results of all this have only recently become apparent. After a highly-publicised visit to Gadani last October, Pakistan's military ruler, General Zia-ul Haq, announced that shipbreaking would be classified as an industry, and he unveiled a number of advantageous tax breaks. He also said a customs post would be established at Gadani so that formalities over ships not carrying cargo for Karachi on their last voyage could be handled directly at Gadani.

The shipbreakers were also told that they do not have to renew each year the leases they hold on their four-acre plots. As they have heard nothing yet of the "development charges" they are likely to have to pay, the five-year security they have now receivd is doubly comforting.

Although more than half the total of 314 plots at Gadani have not yet been leased, they are not easy to come by, paricularly at the proper rate of Rs20,000 ($2,000). Sub-leasing of a plot is not allowed strictly speaking, but rents of Rs100,000 for one shipbreaking operation are not unknown.

Labour costs up

Labour costs have grown 100 as the competition among breakers has increased. Dissatisfied workers among the total force of some 10,000 can move on to another plot for better wages, but the typical pay is said to be around Rs1,000-1,200 a month—above average in Pakistan but well below wages in most jobs in the gulf. The employers' responsibilities for developing roads and schools.

At the moment the ideal ship for breaking at Gadani is one containing 4,000-5,000 tons of steel. Anything larger takes too long to break, anything smaller does not have enough in terms of equipment and other features such as bronze content.

Tankers are the best ships, having more steel and thicker plate. Pasesnger ships are the worst and cargo ships come in between. All of them have encouraged a spare parts business for ships caling at Karachi, another obvious spin-off. Altogether many tens of thousands of people have benefited from Gadani's growth.

But there remains a problem in monitoring the activity. The Baluchistan Development Authority, which has recently been given the responsibility in allocating the plots at Gadani, and Lloyd's, which watches ships from cradle to grave, have to know what is there when the ships are beached.

The bow is the first to be cut, while the stern is out to sea: noting names and origins is therefore difficult.

And the shipsh are from most parts of the world, including the Soviet Union.

No one can easily explain exactly why owners and agents want to sell their ships to Pakistan rather than elsewhere. But no one in Karachi doubts that it is an unexpected economic bonus for the country eked out by it own entrepreneurs without Government help.

AMERICAN NEWS

Carter reveals wage 'insurance' plan to Congress

BY JUREK MARTIN, U.S. EDITOR

THE CARTER Administration yesterday submitted to Congress a rather modest version of its "real wage insurance" programme, which was the most novel aspect of the domestic anti-inflation measures unveiled last October.

The purpose of the scheme is to induce workers to accept the 7 per cent wage ceiling this year by offering tax rebates if the rate of inflation exceeds 7 per cent.

The nub of the details sent to Congress is that only the first $20,000 of a worker's annual income would be "insured" up to an inflation rate of 10 per cent. This means that the maximum rebate anyone could receive would be $600 (i.e. 3 per cent of $20,000). Additionally the rebate would then be taxed as ordinary income, thus further reducing its real return.

This scheme, even as outlined last October, had attracted much unfavourable comment from Congress and from organised labour. Its legislative prospects are not considered very bright, while Labour can be expected to renew its opposition, arguing that the incentives to abide by the voluntary guidelines have been reduced by the modest promised returns.

Nevertheless, in spite of *some scepticism inside* the Administration about the efficacy of the scheme, it was sent to Capitol Hill with urgent pleas for its prompt enactment.

In an accompanying letter, Mr. Michael Blumenthal, the Treasury Secretary, said that real wage insurance was "a powerful incentive" to wage restraint. "More than any *other single proposal before the* Congress," he wrote, "real wage insurance promises a direct and major impact on the wage price spiral."

Mr. Blumenthal argued that this was not a tax-cutting proposal which would be inflationary because it would widen the deficit without contributing to wage moderation. Nor, he said, did it constitute indexation, which would be "a surrender to the problem rather than a solution to it."

The figures in the legislative proposal bolster his contention in that the projected real cost to the U.S. Treasury might be quite small. It forecasts participation in the programme by about 47m workers and an inflation rate for the covered period (*from* October last year to October this year) of 7.5 per cent, which would leave a net revenue cost of $2.5bn.

If the programme persuaded 60 per cent of the eligible workforce to comply with the 7 per cent wage standard, the Treasury calculates, 0.5 per cent would be cut from the 1979 inflation rate.

The rather low ceilings put on potential benefits may be seen as a response to criticisms that the Administration was leaving itself open to a massive drain on revenues if inflation *were not* controlled.

The Administration has also tried to make the programme as *simple* as possible, again in response to criticisms that it might turn out to be a bureaucratic nightmare.

Nevertheless, the programme, perhaps inevitably, becomes quite complex in its consideration of exemptions (including the self-employed, workers at small companies, large stock holders etc.), definitions of employee groups, and corporate reporting requirements. The *Treasury is insistent that the* programme would be needlessly intricate if it were applied on an individual, rather than a group, basis.

The Administration's record of getting its tax proposals through a suspicious Congress in anything like their original form has not been good in the last two years.

Even though the President now enjoys much better standing on Capitol Hill than hitherto, tax legislation is a jealously guarded Congressional preserve.

U.S. COMPANY NEWS

Final quarter boosts Olin prospects; PanAm raises National Airlines stake; Foreign exchange earnings lift Citicorp—Page 32.

Mr. James Schlesinger

Schlesinger urges new effort to save energy

WASHINGTON—Mr. James Schlesinger, the U.S. Energy Secretary, has appealed to Government and business leaders to increase energy-saving efforts to help the country weather the oil strike in Iran.

Mr. Schlesinger has warned that, while the U.S. does not yet need mandatory conservation measures to cope with the closedown in Iran, it may need them in several months if the voluntary measures don't work.

In letters to the 1,500 governors, mayors, country officials, trade association leaders and corporate executives, Mr. Schlesinger declared that, once again, "the nation faces a potentially serious energy problem."

State and local officials were urged to order strict enforcement of the 55-mile-an-hour speed limit, to turn down the heat in public buildings and to minimise official travel.

Corporations were asked to keep their buildings at 65 degrees or cooler during the day, and at 55 degrees or cooler at night. Mr. Schlesinger said homeowners should be urged to increase should be asked to follow similar standards and employers and workers should be urged to increase the pooling of cars and use of public transport.

AP-DJ

THE ARGENTINE ECONOMY

Holiday spirit as inflation reaches 170%

BY ROBERT LINDLEY IN BUENOS AIRES

COPING with an inflation rate which officially was 169.8 per cent last year—9 per cent more than in 1977—is bewildering, even to many Argentines, who are the victims of this highest inflation rate in the world.

In dollar terms, Buenos Aires is more expensive than any other major capital in the world. On the surface, it is a remarkable failure story: between 1972 and 1975, Buenos Aires was one of the cheapest places to live in the world.

The housewife is the advance guard in this consumers' battle against inflation. It was mostly housewives I heard gasping at a showing of the violence-packed American film The Driver. But the gasps came during a tame scene in a San Francisco supermarket, where the price of eggs was shown as $0.59 a dozen. Here, at the height of summer, eggs cost nearly double that.

But the middle-class Argentine housewife is not buying fewer eggs. And she has not dismissed her maid: there is virtually no unemployment in Argentina. She is economising elsewhere—on bottled mineral water, once a staple in the middle-class Argentine home,, and household cleaning products. She goes less frequently to the hairdressers, where a wash and set in a neighbourhood emporium costs $12.

What the Argentines are doing more than ever before is vacationing abroad—so much so that a popular local joke is more truth than fiction:

First worthy: "I, because I'm rich, am going to holiday in Mar Del Plata (a favourite Argentinian holiday spot)." Second worthy: "I, because I'm poor, will vacation in Punta Del Este (the Chic Uruguayan Atlantic resort)." Third worthy: "I, who am very poor, will holiday in Miami and South Africa."

It is estimated that the Argentines will spend about $500m on holidays abroad during the 1978-79 summer season. Most are going to Miami, Punta Del Este, South Africa and Brazil, in that order. The main reason is that the value aof the dollar, increased only 65 per cent in relation to the peso, and is therefore cheap in pesos.

One estimate is that between November, 1978, and March, 1979, about 400,000 tourists will have left Buenos Aires' Ezeiza International Airport. Braniff Airlines has booked all its 9,000 seats from here to the United State for January and February.

Argentine Airlines has added 60 flights to meet the holiday rush to South Africa. The South African Consulate here expects to issue 20,000 visas this year, compared with 14,200 last year and 6,600 in 1977.

The U.S. Consulate is so busy issuing 700 visas a day that it has had to bring in staff from neighbouring countries. The Argentines are enticed to South Africa and Miami by the bargains like wine and lobster dinners at $7 a head in Cape Town and a substantial meal in Miami for $5, which will buy only a coke and a hot dog in Mar Del Plata (where a summer house costs $2,000 a month).

According to Mr. Oliver Remy, a Buenos Aires travel agent, the Argentines have other reasons for holidaying abroad. "In Argentina," he said, "you are treated badly and the bathrooms are something out of the dark ages. Switzerland is an expensive place, but they treat you well, the bathrooms are clean and everything is first class."

Also luring Argentines abroad is the recent relaxation on the amount of foreign purchases which returning tourists can bring in duty free: $500 in duty free accompanied luggage is a great enticement for the Argentines, accustomed to 35 years of import restrictions. As a World Bank official puts it: "Why should I buy a so-called American brand shirt made locally for $25 when it costs me only $12 in Washington?"

The Argentine businessman and industrialist, if Dr. Juan Alemann, the Finance Secretary, is to be believed, are cutting corners at the State's expense to help themselves through the crisis. Dr. Alemann reports that companies dodge 40 per cent of their tax liability and that only about 35 per cent of the value added tax (VAT) is passed on to the Treasury by hotels, bars and restaurants.

As a result, tax inspectors keep an eye on the more fashionable watering holes, not only to check on whether their proprietors report the VAT they collect from their clientele but also to check on the big spenders among the clientele itself.

And there is much "black capital" about. Dr. Alemann recalls the case of a company manager who absconded with $3m of his firm's money, leaving the company unable to denounce him because it was all black capital.

But although the $3 steak dinner is a thing of the past and a demi-tasse of coffee costs $0.50 at a stand-up espresso nook, the restaurants are doing well with menus which start at $10 for a three course meal—so well, that 30 new ones have opened in downtown Buenos Aires in recent months—and the espressos are crowded all day long.

And although a locally-made Ford new costs more than $18,000, a total of 174,000 units for the local market was manufactured last year, only 26,000 fewer than in 1977.

The number of bankruptcies is *no higher than when there* is no crisis, and fewer Argentines than in "normal" years are auctioning their possessions to pay bills. There are fewer beggars on the streets than at almost any time in the last 25 years.

The contention of Sr. Jose Alfredo Martinez de Hoz, the Economy Minister, that a minimum of two paychecks enter most Argentine homes may not explain why it is possible that there is no hunger here and that the Argentines are maintaining their tradition of dressing well. After all, the average basic salary does not reach the peso equivalent of $200.

But although most Argentines have been forced to economise, they are proving once again "Argentina da para todo"—"In Argentina, there's enough for everybody."

Momentum grows to stop large mergers

WASHINGTON — Momentum is growing for new anti-trust proposals to be enacted in the U.S. Bills are already being drafted, with the aim of curbing big mergers.

Proposals on conglomerate *mergers* have been prepared by the Justice Department, the Federal Trade Commission (FTC), and Mr. Edward Kennedy, the Massachusetts Senator and the new chairman of the Senate Judiciary Committee. The proposals differ in some details, but they would all, with limited exceptions, prohibit, major acquisitions by companies with $2bn or more in assets.

The White House is studying the anti-merger proposals to decide whether President Carter should endorse the view that major mergers are bad in his State of the Union address. Mr. David Boies, one of Mr. Kennedy's aides, says he is "optimistic" concept will receive support from the *Carter Administration.*

Adding to the momentum for more anti-trust legislation, a commission appointed by President Carter to study the anti-trust laws voted on Tuesday to approve a long list of recommendations which seem likely to result in quicker and tougher anti-trust enforcement.

The 22-member commission, as expected, recommended strengthening the Sherman Anti-trust Act to make i easier to prove that companies are monopolising markets.

U.S. industrial production up by 7%

By David Buchan in Washington

INDUSTRIAL production in the U.S. rose by 0.6 per cent in December, the same increase as in the previous month, bringing the rise in industrial output in the last quarter of 1978 to 7 per cent at an annual rate.

This relatively strong performance, led by the consumer durable and non-durable goods, business equipment and construction sectors, does not confound the many private economic forecasts that the U.S. is headed for a slowdown this year.

Unemployment rose slightly *in December*, and Government forecasts show an expected decline in the rate of increase in both retail sales and capital spending by business.

But there are as yet few indicators to contradict the Administration's forecast that the U.S. economy will not only avoid a recession this year, but grow by between 2 and 3 per cent in real terms. The December output figures, released yesterday by the Federal Reserve Board, showed the only major decline in the car industry, where production fell by some 4 per cent to an annual rate of 9.3m units.

Otherwise, output gains were reported to be widespread by *the Fed for the whole of 1978*, industrial production was 5.8 per cent above the 1977 level.

Bidders offer $328m in Treasury gold auction

WASHINGTON — The U.S. Treasury Department sold 1m ounces of 995 fine gold at yesterday's gold auction at an average price of $219.71 per ounce and 500,100 ounces of 901 fine gold at an average of $218.22 per ounce.

The Treasury received bids for a total of 5.5m ounces of the 995 fine gold and bids for 1.3m ounces of the 901 fine gold.

The Treasury said that there were 18 successful bidders for the 995 fine gold at prices of up to £222 per ounce.

There were 14 successful bidders for the 901 fine gold at prices ranging from $217.51-$220.93 per ounce.

Gross proceeds from the sale was $328.8m, of which $63.3m will be used to retire gold certificates held by Federal Reserve banks. The remaining $265.5m will be deposited in the Treasury as a miscellaneous receipt.

The Treasury said the General Services Administration will release a list of successful bidders and the amounts awarded later.

At the next sale on February 20, the Treasury will again offer about 1.5m ounces of gold

Reuter

Green light for New York sale of notes

By John Wyles in New York

NEW YORK CITY has been given a rather faint green light, but a green light nonetheless, to go ahead with a planned $100m sale of short-term notes.

The signal to move forward has been issued by Moody's Investor Service which has given the Notes a MIG-3 investment grade. This ranks better than the MIG-4 allocated by Moody's in November 1977 which prompted the cancellation of a planned sale because it was the poorest possible grading, short of no rating at all.

The current sale, which is scheduled for January 29, has great symbolic significance because it will be the city's first excursion into the public debt markets since early 1975, when it threatened to default.

The Moody's rating will give Mayor Edward Koch some help in claiming progress

Egg warning

WASHINGTON — The U.S. Federal Trade Commission yesterday banned the egg industry from advertising that there is no scientific evidence that eating eggs increases the risk of heart disease. The FTC said that advertising must include a clear disclosure that many medical experts believe that increased consumption of eggs may increase the risk of heart disease.

Reuter

Ex-Treasury chief to buy baseball team

BY OUR U.S. EDITOR

MR. WILLIAM SIMON, the former U.S. Treasury Secretary, is apparently on the verge of buying a major league baseball team, the Baltimore Orioles.

Negotiations for the sale, for about $12m, are reported to be in their final stages. It is not immediately clear if Mr. Simon is acting on his own account(or with partners. He was quoted recently as saying that, although he would welcome investment asociates, he could handle it on his own if necessary.

The Orioles have been owned by Mr. Jerold Hoffberger and members of his family since 1965. Although one of the most consistently successful teams in baseball over the past decade, the *Orioles have struggled* financially in Baltimore, an industrial city with a predilection for low-cost sporting entertainment, rather than the more exotic and expensive athletics palaces which have become a feature of other flourishing cities.

One of Mr. Simon's options, should be buy the team, would be for it to play some of its games in Washington, which has been without first-class baseball since 1970, when the Senators moved to a suburb in Texas.

This might appeal to the former Treasury Secretary, who is in the national limelight, and whose status in the capital would doubtless be enhanced.

Mr. Simon is *an investment* banker by profession and, although an avid tennis player, who *sports a perpetual suntan* and is a collector of antique firearms, was not previously celebrated for his sporting inclinations. However, it is becoming quite fashionable these days for wealthy public figures to move into the business side of sport.

His former Cabinet colleague, Dr. Henry Kissinger, is not only to become commissioner of American soccer, but has taken an option to buy a soccer team franchise at some stage in the future.

Mr. William Simon

The New Ford Transcontinental.

IN 18 MONTHS IT'LL SAVE ITS OWN WEIGHT IN FUEL.

The 1979 Transcontinental now uses 10%* less fuel.

Which means an HA 4427 clocking up 80,000 miles a year will save 7 tons of diesel in its first 18 months.

This remarkable saving has been brought about by fitting the latest Cummins 'E' Series engine, specially engineered for the Ford Transcontinental.

And we have also been busy elsewhere.

The braking system has now been improved to give better distribution and greater 'feel'.

The kerbweight has now been reduced.

Drivers have now been given an even greater standard of comfort.

And prospective owners have now been given a choice of electrics; either the insulated return system or the conventional chassis earth type.

However, some items remain unaltered. Namely the Eaton Fuller gearbox, Spicer clutch and Rockwell rear axle.

Simply because, when the Transcontinental was conceived, our ambition was to use the best components in the world to build the best truck in Europe.

Have we achieved that ambition?

In answer we quote Colin Hill of Telfers, whose fleet includes 9 Transcontinentals:

"In a nutshell, there's nothing to beat the Ford Transcontinental."

And remember, he was talking about last year's model.

FORD TRANSCONTINENTAL Ford

*Ford computed data. Vehicle illustrated is fitted with fuel consumption test tank.

Major Soviet purchases double debt with the West

BY DAVID SATTER

THE SOVIET Union's debt with the West almost doubled during the first nine months of 19788 compared with the equivalent period in 1977, according to figures in the Soviet foreign trade journal.

Apparently reflecting the cost of massive Soviet Government purchases during the first and second quarters, the figures put the Soviets in deficit by roubles 2.16bn (£1.64bn) in their trade with the industrialised capitalist countries during the first nine months of last year, 89 per cent more than for the equivalent period of 1977.

Soviet imports of Western goods increased by 10 per cent, reaching roubles 8.43bn (£6.30bn), while Soviet exports to the West fell 2 per cent to roubles 6.27bn (£4.758bn).

The total deficit was only marginally increased during the third quarter. With most of the grain buying necessitated by shortfalls in the 1977 harvest complete, the Soviets built up a modest roubles 253.7m deficit in the third quarter, or 12 per cent of the nine-month total.

Thus the 1978 debt with the West is expected to far exceed the 1977 deficit, which stood at Rs 1.11bn. It should fall short of the 1976 deficit, however which was almost Rs 3bn.

The pressure on foreign exchange caused by the large 1978 grain purchases from the U.S. and other countries was believed to be one of the reasons the Russians signed very few major industrial contracts in 1978.

The figures published yesterday showed that overall the Soviets achieved a Rs 723m surplus in their foreign trade with surpluses of Rs 1.07bn in their trade with Socialist countries and Rs 1.82bn in their trade with the Third World.

Soviet Foreign trade volume during the first nine months of 1978 increased 9 per cent over the equivalent period of 1977 to Rs 51.45bn. Socialist countries accounted for 59 per cent of total trade, capitalist countries 29 per cent, and the third world 12 per cent.

Alan Mackie writes from Cairo: Egypt has cancelled all its remaining barter trade agreements apart from those with the Soviet Union, Minister of State for Economic Cooperation Mr. Gamal Al-Nazer announced. Thus foreign trade is now, effectively transacted in hard currency, and after the amalgamation of the official and parallel rates on one January, at one exchange rate.

Egypt will use the £50m annual surplus in its Soviet trade account to pay off over the next four years. Its remaining £200m Russian civil debt.

France maintains tough stand on GATT

By Brij Khindaria in Strasbourg

HOPES THAT the Tokyo Round of trade negotiations will end substantively this month were dampened following a pace-setting speech here by French Foreign Minister Jean-Francois Poncet to the European Parliament.

Community sources said his references to the GATT Tokyo Round mean that the February 5 session of the Common Market's decision-taking Council of Ministers will not undertake a thorough review of developments in the GATT negotiations. The trade talks round are on the Council's agenda, they say, but are unlikely to be given high priority.

M. Poncet, whose country is president of the Council for the first half of this year, said the Tokyo Round's conclusion depended on a U.S. Congres decision expected to be taken around April.

It now appears that France wil continue its tough stand blocking aproval by the Community of the GATT package until Congress renews a waiver on a U.S. countervailing duty law that came into force on January 3. About $500m worth of Community exports to the U.S. became eligible by law for countervailing duties in the U.S. to compensate for alleged export subsidies.

Outlining policy during the period of France's presidency of the Council, M. Poncet said the Community's basic aim in the Tokyo Round is to head off any risk of a return to protectionism. But he made clear that the key considerations would be "the requirements of the economic and social situation of the Community."

Mr. Robert Strauss, President Carter's special trade negotiator, is keen to gain support for the emerging GATT package to strengthen his lobbying effort in Congress. But France intends to make its attitude dependent on the result of Congress deliberations on the countervailing duty law.

"Each side is laying down preconditions and the situation is like a house of cards, on a table whose legs may be pulled from under it by either side," one official commented.

France feels that as a point of principle the Community cannot fully support the Tokyo Round while the U.S. flouts the spirit of the talks by unilaterally imposing countervailing duties—though in practice the duties are not being collected.

UK unions oppose EEC textile plan fearing threat to workforce

BY RHYS DAVID

EEC PLANS to promote the development of outward processing in textiles—temporary export of goods for finishing in third countries—look like running into strong opposition from trade unions in Britain.

The Commission in recent talks with the EEC Mediterranean associates on textile import levels for 1979 has been making separate provision for goods subject to outward processing and has drafted regulations to cover the practice.

This procedure has now been strongly attacked by the National Union of Dyers, Bleachers and Textile Workers (NUDBTW), the main Yorkshire textile union, as *representing a serious threat to jobs*. The union is concerned that the removal of one stage in the processing chain, such as garment-making, will damage the vertical structure of the industry in developed European countries.

The practice has been developed farthest in West Germany where textile groups now import millions of garments from Mediterranean countries where labour intensive operations such as sewing can be carried out much more cheaply. Earlier processes such as weaving which are capital intensive are still carried out by German mills.

The Commission has been seeking to regularise the practice which effectively gives the Mediterranean associates, a group of countries which includes Spain, Greece, and a number of North African states, a substantial increase on top of the quotas laid down by the EEC for exports wholly originating in those countries.

The NUDBTW, in a document published this week, claims that it is paradoxical that only a year after the EEC had reached a series of bilateral agreements with supplying countries which should have *strengthened* the European textile industry, it was now seeking to develop a method of trade which would transfer large sections of it to other economies.

"Although initially such trade may be limited it would not be very long before the countries concerned expanded into other processes and sought to do the whole of the manufacture right up to the finished article," it states.

In proposing such terms of trade and reaching agreements with a number of Mediterranean countries which include outward processing the Commission is placing the UK textile and clothing industry in a dilemma which is totally unacceptable, the union says. If the UK rejects the quotas for outward processing arguing that this would lose a large number of jobs, the quotas *could be taken up by other* EEC members.

The union proposes that the UK should veto the acceptance within the EEC of further outward processing quotas and take unilateral action against the countries concerned. It should also seek to have outward processing restricted to current levels.

Swedes to legislate on S. Africa

By William Dullforce in Stockholm

THE SWEDISH Government has decided to seek Parliamentary legislation forbidding new *investments by Swedish companies* in South Africa. It hopes to table a Bill in March and to have a law effective by July 1.

The decision was announced yesterday by the Trade Minister, Mr. Hadar Cars, after he had failed to get a voluntary agreement from the Swedish companies involved. The decision was timed to coincide with the appearance of Prime Minister Ola Ullsten before the UN Anti-Apartheid Committee in New York.

There are roughly 20 Swedish companies involved in South Africa, of which eight have manufacturing plants employing 5,500 people.

Mr. Cars said the legislation envisaged would prohibit Swedish companies from collaborating in the establishment of any new business or investing in new plant and equipment in South Africa.

Michelin plans for Egyptian tyre plant

By Terry Dodsworth

MICHELIN, the French tyre company, has taken a further step in its plans to build a factory in Egypt with the signing of an agreement for a long-term lease on a site near Alexandria. The deal, made with the Egyptian Government, gives Michelin 60 hectares of land at Ameriya.

The French company plans to invest FFr 350m ($81.5m) in the plant, which is designed to produce about 290,000 heavy duty tyres a year. Final details are expected to be signed within a few months.

Creusot Loire Turkish order

By Our Paris Staff

SECIM, A subsidiary of Creusot Loire, the French steel and engineering company, has won a FFr 75m ($17.5m) contract to provide two aluminium mills to Turkey.

The milsl will allow NASAS, one of the largest Turkish producers of aluminium strip products, to double its present capacity. Other heat treatment and finishing equipment will also form part of the deal.

In a separate contract, Pechiney Ugine Kuhlmann, the French industrial conglomerate, has signed an agreement to supply a magnesium production plant to China.

Third World imports show little impact on UK jobs

BY DAVID MARSH

IMPORTS OF manufactured goods from newly industrialising countries have so far had only a negligible impact on employment in the UK, according to an official British report published yesterday.

The report, prepared by a working party drawn from several government departments and the Bank of England, estimates that increased purchases of manufactured products from the NIC's in 1970-77 probably displaced more than 2 per cent of the 1970 UK labour force in the industries concerned.

As the increase in UK manufactured exports to the NICs probably caused a roughly similar increase of unemployment, "any net displacement of labour resulting from trade in manufactures with the NICs was clearly quite small," the report concludes.

Pointing out that the UK maintains a comparative advantage in innovative goods and in "high skill" manufacturing and services, the report recommends that industrialised countries should go on adjusting in response to competition from the NICs, which it notes is an important topic in the North-South dialogue.

GM in Austrian talks

BY PAUL LENDVAI IN VIENNA

THE SECRETARY of State in the Austrian Federal Chancery, Dr. Adolf Nussbaumer, has confirmed that, in addition to Ford, General Motors is also interested in setting up a subsidiary plant in Austria. It is also reported that Chancellor Dr. Bruno Kreisky will meet top managers of the U.S. company on Thursday.

According to Press reports, General Motors wants to set up a plant to manufacture metal components in Koeflach in the province of Styria, using the facilities of a former bicycle plant which became bankrupt a couple of years ago. The project woul mean jobs for some 130 to 250 people, Dr. Nussbaumer said.

The U.S. concern is also said to be interested in a much larger motor project in Austria, though these discussions are nowhere near as advanced as the negotiations with Ford. And as far as the latter project is concerned, the Secretary of State has cautioned that "several competitors" (countries) are still in the running for the Ford plant. Meanwhile talks are also under way with Soviet state agencies about the possibility of joint production of a cross-country vehicle in Austria under the "Taiga" brand name.

MAN-MADE FIBRES

Developed nations' share dwindles

BY CHARLES BATCHELOR IN AMSTERDAM

A NEW round of raw material price increases threatens to overtake excess capacity as the main problem facing the man-made fibre industry in 1979, according to the Dutch-German fibres group Enka.

Material costs will be the key issue in an environment of unstable textile and tyre markets, the company said in a market review. The increased costs will have to be passed on in prices.

The capacity problem may be considered largely solved in 1979 if markets stabilise and the EEC Commission approves capacity cuts agreed between European manufacturers, the review said.

Enka, which encompasses the fibre activities of the Akzo chemicals group, is moderately optimistic agreement will be reached with the Commission, which last year rejected the manufacturers' proposals.

The man-made fibre industry has tailored its production to the low growth of its industrial customers but has only taken fragmentary action over its losses. It must now push for further structural improvements if it is to recoup losses, Enka said.

Problems are being increasingly felt in the area of man-made fibres for industrial use, so far a relatively stable segment of the market. While industrial fibres only represent 15 per cent of the market, they are major business for some producers, including Enka. Despite the upturn in the car industry, the longer life of tyres has meant there has been no increase in demand for industrial yarns.

WORLD PRODUCTION
('000 metric tons)

Year	W. Europe (total)	U.S.	Japan	Rest of World	Total
1970	2,628	2,268	1,511	1,987	8,394
1971	2,882	2,572	1,633	2,238	9,325
1972	3,049	3,032	1,601	2,565	10,247
1973	3,420	3,435	1,818	2,911	11,584
1974	3,171	3,317	1,620	3,202	11,310
1975	2,611	2,983	1,435	3,645	10,674
1976	3,164	3,327	1,616	4,092	12,199
1977	3,016	3,668	1,712	4,405	12,801
1978	3,190	3,820	1,825	4,755	13,590
Change 78/77	+6%	+4%	+7%	+8%	+6%

The European man-made fibre industry experienced its fourth year of difficulties in 1978. The problem of sales of fibres for apparel has now been compounded by overcapacity in synthetics for the carpet industry. But unlike 1977 European and Japanese producers increased volume sales more than U.S. companies.

For the first time in 1978 the shift in man-made fibre production away from Western Europe to Third World and state-trading nations slackened its pace.

In Western Europe man-made fibre production rose at the comparatively favourable rate of six per cent and in Japan by seven per cent. In Europe new fashion trends helped restore man-made fibres to public favour.

The rate of increase of textile imports was significantly reduced reflecting the stricter application of the renewed multi-fibre agreement, the deterioration of the Western European textile business cycle up to mid-1978 and the failure of imports to adjust to changing tastes in fashion.

There is no sign of a fundamental change of the picture however. The man-made fibre industry will continue to grow faster outside Western Europe, Japan and the U.S. Production outside these three areas accounted for 35 per cent of the world total in 1978 compared with 34.5 per cent in 1977. The 'other countries' have achieved an average 11.5 per cent annual growth in man-made fibre production in the 1970s compared with 2.5 per cent in Western Europe and Japan and 6.5 per cent in the U.S.

Synthetics have shown the most pronounced shift in proareasduction—entirely at the expense of Western Europe and Japan. Western Europe's share fell to 23.5 per cent in 1978 from 31 per cent in 1970 while Japan's doubled their share to 30 per cent from 15.5 per cent while the U.S. held its share at 32.5 per cent, due to its tariff barriers and the depreciation of the dollar.

The Third World and state-trading nations are expected to soon overtake the U.E. in their collective share of the market.

Total world production rose 6 per cent in 1978 to 13.59m tonnes. This was matched by Western Europe where growth was also 6 per cent higher at 3.19m tonnes while 'other countries' increased production by 8 per cent to 4.75m tonnes.

Car safety law call for young children

By Kenneth Gooding, Motor

IT SHOULD be made illegal to carry small children in the front of saloon cars, said Mr. Ken Rogers of the Royal Society for the Prevention of Accidents yesterday.

Speaking at a seminar on "Child Safety in Cars," in London organised by Volvo Concessionaries, he said RoSPA was considering pressing for such a law.

But the present view was that any attempt to introduce a law would further prejudice public and political opinion against legislation requiring front seat occupants to wear seat belts.

Over 9,700 children were killed or injured as car passengers in the UK in 1977. "That number would have been substantially reduced if all these children had been seated in restraints in the back of the car," said Mr. Rogers.

Other speakers at the seminar, most of them experts from Sweden, gave evidence that keeping children in the back seat of the car was not enough and that some kind of restraint system was necessary.

A European standard is being produced for child restraints and it could eventually be an EEC requirement that children in member countries are properly restained by an approved device.

Barclaycard to sponsor leisure festival

By Arthur Sandles

BARCLAYCARD, THE credit card subsidiary of Barclays Bank, is providing £100,000 to sponsor a national leisure festival at the Royal Showground, Stoneleigh in Warwickshire in August next year. The show is aimed at all aspects of leisure.

The show is to be called Recro 80 and the 650 acre site will be divided into six sections for what Barclaycard clearly sees as a self-liquidating exercise, viable both financially and as a promotional campaign for the cards.

The present planned sections are aqualeisure, travel and tourism, sport, campaing and caravanning, home and garden and a central section for daily special events.

Negotiations are in hand for several of the events, including an international six-a-side soccer competition. Barclaycard is already negotiating over television coverage.

The planned leisure show overlaps with several other such enterprises, including the Boat Show, the Ski Show, and the Caravan and Camping Exhibition.

Mr. John Quinton, general manager of Barclays Bank said: "The programme is one that will arouse great interest both at home and abroad.

"By sponsoring the project we are very conscious that we shall be bringing the name of Barclaycard to the attention of not only the crowds assembled at Stoneleigh, but also to many millions of TV viewers."

Bankrupt blames advisers

FORMER Lloyd's underwriter Alan Ramsay told London bankruptcy court yesterday: "I will never again alow anyone to invest money for me or handle my affairs."

Following advice about how to invest £320,000—which he was said to have earned in the meat trade by hard work and expertise—he bought shares on the Stock Exchange when prices wer at their height and was forced tosell them after prices had tumbled. More of his money went when a building company he had financed went into liquidation.

Mr. Registrar Parbury granted him discharge from a 1971 bankruptcy on condition that he paid a further £3,000 to creditors by installments. His assets have realised £73,874. Mr. Ramsay, 47, of Park Street, London W1 is back in the meat trade and is said to be earning £5,000 a year.

Fire safety for builders

GUIDANCE on the safe use of highly flammable materials on construction sites, published yesterday by the Health and Safety Executive, urges that workers should be adequately informed of the precautions and that proper liaison be set up between contractors on large sites.

The booklet notes the legal requirements for the storage and use of highly flammable liquids and liquefied petroleum gas on construction sites and gives advice on how these can be met. Another section describes how these materials may be stored safely for use in site laboratories.

Highly Flammable Materials on Construction Sites (HS(G)3); SO; £1 plus postage.

Bank gave no reason for Challis tip-off

BY TERRY OGG

THE BANK of England gave no reason for seeking the removal of Mr. Alan Challis, former director of finance at Crown Agents, from the board of First National Finance Corporation in December 1974, the Crown Agents Tribunal was told yesterday.

Mr. Pat Matthews, former managing director of First National Finance Corporation, replying to Mr. Robert Gatehouse, QC, counsel for the Tribunal, said that members of the FNFC board had "discussed it at great length and we acquiesced to the Bank's wishes.

"We did not question it. There must have been a very good reason for them to do it. Remember that it was a time of very great emotion and strain on all bankers."

The Tribunal, was set up in December, 1977, to investigate whether there was any breach of duty by individual officials of certain Government departments, the Bank of England or the Crown Agents in connection with the agents' losses of around £200m from its 1967-74 excursion into secoundry banking and property.

Asked by the Tribunal's chairmain, Mr. Justice Croom-Johnson, what would happen if FNFC had said to the Bank of England: "We will not get rid of Mr. Challis," Mr. Matthews replied that there was no written law in the City that you had to do what the Bank of England told you to do.

"But I would not like no to dow hat the Bank of England tells you to do if you are a banker in the City, especially at a time when it was becoming increasingly difficult in the money market," Mr. Matthews said.

The matter was first raised in the closing stages of Tuesday's sitting when Mr. Gatehouse asked if, in December, 1974, Mrs. Hart, the Minister for Overseas Development made some adverse criticism of Mr. Challis joining FNFC.

"Had you ever been told by the Bank of England to sack one of your employees before?" Mr. Gatehouse asked. "No," replied Mr. Matthews.

Mr. Gatehouse later asked if the Bank had given any clue to the reason for its request. Mr. Matthews replied: "I come back to my board. I had to discuss is with my board, remember, or with certain members of my board and they asked me the same sort of thing as you are asking me now. There was no excuse given, there was no reason given.'

Taking the matter up yesterday morning when the Tribunal resumed, Mr. Gatehouse asked if the Bank had been pressed for a reason.

"I pressed as much as I possibly could, which I thought at the time was necessary. I remember this. The Bank of England requests something from a bank in the city and you really do it, unless it is something that is not right, and I did not know whether this was right or wrong," Mr. Matthews said.

"They must have their own reasons, otherwise they would never have asked me to do it."

The hearing continues next week.

Scheduled flights to Stockholm sought by British Caledonian

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH CALEDONIAN, the independent British airline, is planning to introduce scheduled flights between London (Gatwick) and Stockholm and is asking the Government, through the Civil Aviation Authority, to revoke British Airways' licences to fly to and from the Swedish capital.

British Caledonian said yesterday it wanted to implement at least part of the new network of Scandinavian air services awarded to it in October, 1977, but subsequently blocked by the new Anglo-Scandinavian air services agreement signed late last year.

Describing this situation as "intolerable," Mr. Alastair Pugh, managing director of British Caledonian, said that through no fault of its own, his airline had been forced to abandon plans for services to Denmark and Norway.

"But we hope to salvage at least part of the Scandinavian network for which we were licensed."

Mr. Pugh said that the new Anglo-Scandinavian agreement enabled British Airways to fly only between the UK and Scandinavia, which, on the face of it, negates the entire Civil Aviation Authority licensing procedure, with all the costly and time-consuming procedures concerned.

"The only way out of this dilemma is for us (British Caledonian) to urge the CAA to revoke or vary a number of British Airways licences covering services between London, Manchester and Sweden, to allow the way to be cleared for British Caledonian to implement its own operation. Applications for this have accordingly been filed with the CAA."

He added: "In the new application, we have told the CAA that the present circumstances require an adjustment, exchange or re-allocation of routes in order to maintain the respective levels of opportunity as previously licensed to British Airways and British Caledonia."

Mr. Pugh said that part of its plan would be to introduce cheap "innovative fares" on the route to Stockholm. But no details of these are yet available.

Fewer fatal accidents on main airline routes

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE SAFETY record of the world's scheduled airlines is improving, in spite of 26 accidents last year, in which 764 passengers were killed.

The latest survey on world air safety, compiled by Flight International, the aviation journal, shows that the fatal accident rate over the five years from 1974 to 1978 was 2.2 passengers for every 1m. passenger departures between 1969 and 1973.

But the survey shows that the rate at which accidents ocur on non-scheduled flights is nearly four times greater than on scheduled flights, even though the actual number of fatalities was lower last year—222 passengers, against 770 in 1977.

The survey also shows that 286 people died last year in 60 accidents involving "general aviation" aircraft, including business and executive aircraft.

Healey urged to aid investors

BY DAVID FREUD

INCENTIVES should be given to personal investors to make holding company shares more attractive, the Chancellor has been urged.

The Wider Share Ownership Council says in its Budget representations that people are discouraged from buying shares in British industry and commerce by personal taxation and fiscal disincentives, quite apart from inflation and the inadequacy of real return on capital.

The council, whose chairman is Lord Shawcross, was established in 1958 with the aim of encouraging personal investment in British business. In recent years it has pushed for company shares to be maide available to employees on attractive terms, and concessions to encourage this were made in the last Budget.

This year the council urges that incentives should be given to encourage wider share ownership in general. It says the investment income surcharge, levied on top of extremely high progressive rates of income tax, is a deterrent unparalleled in any other major country.

"The surcharge is particularly severe a burden on individual savers who are hoping to secure a sufficient income from their investments, especially on retirement, and measures to reduce this excessive burden should be taken without delay." Higher rates of tax should also be substantially reduced.

Other recommendations will include:

- Discontinuation of stamp duty on transactions in ordinary shares, thus putting them on the same footing as gilt-edged securities;
- Abolition of dividend restrictions;
- Introduction of direct incentives, such as tax exemption on the first £500 invested by an individual in ordinary shares.

State investment damage explained to committee

FINANCIAL TIMES REPORTER

DIRECT Government investment in industry damages the economy, according to AIMS, the organisation devoted to free enterprise.

In its evidence to the Wilson Committee which is investigating financial institutions, AIMS says that it does not believe there is a case for the National Enterprise Board or its Scottish and Welsh counterparts. It points out that these three agencies have up to £6bn funds at their disposal and the allocation of that money "is frequently determined by political rather than economic judgments."

AIMS says the investment record of these agencies is poor. However, their presence artificially bolsters the performance of companies which might otherwise not be competitive in an open market. This increases the risks for companies which have to rely on normal commercial investment for their funds.

Just as the organisation believes that the investment market should remain free of Government intervention, so it opposes Government or Trade Union involvement in the pension fund movement. It also believes that to free a flow of funds to industry the Government ought to remove all dividend controls.

Life companies deny sex discrimination

BY ERIC SHORT

THE Life Offices' Association yesterday refuted the claim by Baroness Lockwood, chairman of the Equal Opportunities Commission, that life companies discriminate against women over certain insurance premiums.

Lady Lockwood said on Monday that insurers must stop categorising by sex unless there was overwhelming evidence for doing so. She attacked insurance companies for charging higher premiums for women on health insurance contracts, pointing out that the Sex Discrimination Act which allows different treatment of the sexes based on actuarial data, is not a permanent loophole for discrimination.

The association questioned her interpretation of section 45 of the Act, which allows the different treatment. In its view, this section recognised the sound commercial practice of basing insurance premiums on statistics. All the available information on sickness showed that women had a higher sickness rate than men, and this was reflected in higher premiums.

If premium rates were the same for men and women, women would have to pay more for life assurance because of their longer life expectancy.

Joint venture by Redfearn and Schloetter

By Maurice Samuelson

A JOINT COMPANY to promote a method of industrial coating with glass has been formed by Redfearn National Glass, of York, and Schloetter, of Pershore, Worcs., the UK associate of a West German company.

The new concern, R. S. Glass Developments, will deal principally with world-wide marketing of chemicals, plant and equipment for applying Nidobur coatings.

Singer closure threat lifted

By Ray Perman, Scottish Correspondent

THE THREAT hanging over Singer NK's Clydebank sewing machine plant was lifted yesterday after workers reversed an earlier decision rejecting productivity improvements which the company said were essential to th factory's survival. Singer said it would go ahead immediately with an £8m re-investment programme and a proposal jointly worked out by unions and management which would save 500 jobs.

Trade unions have still to negotiate with the Government an agreement to put between £2m and £4m into the plant to cover initial losses on some industrial sewing machine models.

Yesterday's decision, taken at a mass meeting, will not prevent the loss of 2,000 jobs from the labour force of 4,500, and the company told shop stewards that it wanted to see the first 560 jobs go between now and March. Other reductions in the workforce will be phased over the next three years.

Redundancies

Mr. Hugh Swan, deputy convener, said he thought most of the cuts could be met by natural wastage and early retirement. Enforced redundancies would be accepted only as a last resort.

Since the employees at Clydebank voted last month to reject the company's proposals they have been under pressure from their unions and local community leaders to change their minds, but the vote was close and there was jeering from some sections of the meeting against workers with placards urging acceptance.

Full-time union officials had been prepared to threaten withdrawal of union support if workers again rejected the rescue plan. In the event they took a more conciliatory line towards the fears of many workers about changes in working practices.

Consultation

Mr. Gavin Laird of the Amalgamated Union of Engineering Workers said the management was not being offered a blank cheque and there would be consultations before any agreements were reached on a new wages structure, more labour flexibility or greater use of outside contractors.

Mr. Ken Baker of the General and Municipal Workers Union said that the vote was crucial and that the men had a responsibility to the community.

The Clydebank factory, which is nearly 100 years old, has been operating unprofitably for three years and lost £2.6m in 1977.

Mr. Edward Keehan, president of Singer's European sewing machine division, said that if the company got the co-operation implied by yesterday's vote, the new investment would be justified and the factory could become competitive.

Ferry terminal to open

TOWNSEND THORESEN'S new £1m car ferry terminal at Felixstowe is to be opened by Princess Anne on February 13.

The terminal, in operation since the autumn, is used for the car ferry company's Felixstowe-Zeebrugge route and will also be used on the Rotterdam (Europort) service when it re-opens in April.

At 20,000 square feet it is about four times larger than the previous Townsend Thoresen terminal the port. When work is completed there will be parking space for 700 cars.

Scottish bid to attract more electronics

BY JOHN LLOYD

A DRIVE to attract investment by foreign electronics companies in Scotland is being considered by the Scottish Development Agency.

The agency is understood to have received a report by consultants Booz Allen and Hamilton earlier this week proposing ways in which Scotland could attract overseas electronics companies and alter the output and strategies of existing companies.

It is considered that the report, which was accompanied with a strong recommendation that it should be acted on immediately, will form the core of the agency's corporate strategy, which is now near completion.

The main part of the report is believed to argue for four major initiatives:

- A promotions effort overseas is needed. The report shows that while Scotland is regarded by U.S. companies as being politically stable, it scores low marks for industrial relations, productivity and efficiency.
- A move from "satellite" production plants to plants with their own research and product development is recommended. The consultants show that a number of the major U.S. electronics companies in Scotland are largely producing components to U.S. designs. This, it is argued, is detrimental to Scottish industry. The SDA should encourage product development in Scottish plants.
- A stimulation of the industry is needed by more readily available sources of capital, and by closer co-operation between the electronics components manufacturers and the customer industries.

To these ends, it is thought that the report suggests the creation of a Scottish electronics centre, which would be established with Government capital, but which would act as a commercially based clearing-house for research, product development and liaison between electronics companies and other industries.

- An effort is needed to increase the availability of graduate and highly skilled technical labour. In this respect, Scotland compares well with the rest of the UK, but still lacks enough talent to expand.

While the report indicates that employment in electronics in Scotland—about 35,000—has declined very slightly in recent years, it would be possible to increase jobs if the companies took advantage of the strong growth sectors in the industry. These are data processing, especially in the manufacture of computer peripherals, with consumer electronics, communications and office equipment.

The consultants believe that 70 Scottish companies—mainly doing sub-contracting work—could grow substantially, given more capital and better links with the stronger, U.S. companies.

Scottish investment 'will drop sharply'

BY RAY PERMAN, SCOTTISH CORRESPONDENT

MANUFACTURING investment in Scotland will continue to rise for the first half of this year, but then drop sharply, Professor Donald MacKay of Heriot Watt University, Edinburgh, said yesterday.

Commenting on his annual economic review for estate agents Kenneth Ryden and Partners, he said that for the first part of the year companies would be follwing through the decisions they had already made.

"But by the end of 1979 and early 1980, investment will be falling. Given the direction of Government economic policy, that is inevitable and should have been foreseeable.

"The failure of the last round of incomes policy led to a consumer boom and at the same time public expenditure has been rising, so in order to hold monetary targets, interest rates and the real cost of borrowing have been rising and profitability has fallen.

"The result is that we have once again allowed private investment to be squeezed out, and the higher the rate of wage wage and salary settlements this year, the more private investment will be crowded out."

Professor MacKay added that the activities of the Scottish Development Agency would not be sufficient to make up the deficiency.

So far the agency had been spending only about £24m a year on industrial projects. This had been more than offset by a substantial fall in the level of government expenditure on regional industrial aid to Scotland.

Figures for the last two years showed that expenditure had fallen from £216m to £144m, a drop of 40 per cent when allowance was made for inflation.

The Government could make up this decrease through its regional policy or by increasing the budget of the Scottish Development Agency; but it would be better to follow general economic policies which would encourage the private sector to invest.

Contractor prosecuted over hoist deaths

BY PAUL TAYLOR

THE HEALTH and Safety Executive is to prosecute a London company of civil engineering contractors following a hoist accident in which four men died and five more were seriously injured.

The executive yesterday served five summonses on Edmund Nuttal, the contractors, alleging offences under the Construction (Lifting Operations) Regulations 1961.

The accident happened in January 1978 at Littlebrook "D" Power Station in Dartford, Kent, when a passenger-carrying cage fell 100 feet to the ground.

The summonses allege that the hoist, and particularly the rope on which the cage was suspended, had not been properly maintained; that safety gear provided to support the cage in the event of a rope failure had not been properly maintained on two hoists; that the number of men carried in the hoist exceeded the marked permissible maximum; and that the hoist remained in use when it had not been subject to the statutory examination with the previous six months.

Proceedings will start at Dartford magistrates court on March 7.

Haulier pay deals outstrip turnover

By Ian Hargreaves, Transport Correspondent

WAGES paid by road haulage companies increased substantially faster between 1975 and 1977 than the industry's turnover, according to a study of 60 road hauliers published today.

The report, from Inter-Company Comparisons, shows that in the three-year period employees' pay increased by 42.4 per cent, compared with a 35.4 per cent increase in turnover. The turnover increase was roughly in line with the rise in general inflation.

A wide range of average wages and salaries is also indicated in the report, P and O Roadway leading the field with an average of £4,164 in 1976-77, compared with a weighted average of £3,144.

The general picture of the industry is one of gradual recovery from the low point of 1975-76. The average pre-tax profit margin of the companies sampled rose from 3.1 per cent in 1975-76 to 4.7 per cent the following year.

The average return on capital for 1976-77 is put at 10.6 per cent, although ten companies in the study made a loss in that year.

Liquidity continues to be a problem for road hauliers and the report suggests that this can be improved by shortening the credit periods which hauliers give to their customers.

Profit

The average debt repayment period is running at 79 days, compared with the traditional 30 days, and with many of the industry's costs, such as fuel and wages met weekly, strains have occurred. "There is a financial bonanza awaiting those hauliers who take effective remedial action," the report says.

Bringing together an analysis of profit margin and turnover per employee, the report singles out United Transport, Mitchell Cotts Transport and Robert Deards as examples of financially healthy operators.

Looking at capital invested per employee, the report comments that the state-owned members of the National Freight Corporation included in the study are starved of capital compared with the private sector, and it asks, "is it fair to expect the same rate of return?"

Mitchell Cots tops this list, with £12,935 of capital invested per employee in 1976-77, compared with £1,803 for National Carriers, one of the corporation's biggest member companies.

Inter-Company Comparisons: road hauliers. 81, City Road, London EC1Y 1BD. £44.

Imports make big gains, say assay offices

By James McDonald

London, Birmingham, Sheffield and Edinburgh hallmarked nearly 27.1m articles of gold, silver and platinum last year—nearly 1m less than the record total of 28m articles tested during 1977, Jubilee year.

The offices said that in 1978, gold was more in demand than silver "while imports gained strongly and both these trends continued in the three months ended on December 31."

On gold, the assay offices say that in the final quarter of last year the number of gold wares increased by 24.6 per cent, over the same period of 1977, to a total of nearly 5.6m articles. British gold articles rose over the period by 13.4 per cent as against a jump in imports of more than 109 per cent. The total weight of gold tested increased by 6 per cent to 18.7 tonnes, with the British contribution declining by 6.3 per cent and foreign wares rising by 67.9

MERLONI'S ACQUISITION MEANS EXPANSION AND MODERNISATION

Colston explains reason for selling

BY MAX WILKINSON

THE DECISION by Mr. Michael Colston to sell his diswasher and domestic appliance business to the Italians was taken only after a great deal of heart-searching.

The table-top dishwasher, which he developed with his father, the late Sir Charles Colston was, after all, the only British-made machine in its class; and was the UK market leader for many years.

However, dishwashing machines represented only a small amount of sales in the UK, perhaps only 30,000 a year, in the early 1970s. Now, with market sales approaching 100,000 this year, Colston is facing strong competition from Germany and Italy.

Dishwasher sales, including a larger free-standing model, now represent only about 10 per cent of Colston's turnover in the domestic appliance field, which is presently a little over £10m. The company also makes washing machines and spin driers at its factory in Aycliffe, County Durham. It also sells an imported Italian-made front-loading automatic washing machine.

Mr. Colston realised that to compete against highly automated and much larger companies in Italy, he would need to find considerable extra capital to develop new products and to improve manufacturing methods.

Competition

New capital was not easy to find in a business where margins are notoriously low, mainly as a result of the competition from Italian companies like Indesit and Zanussi. Although Colston's domestic appliances business is making profits, Mr. Colston realised that it would come under increasing pressure, unless he made substantial extra investments.

He says that the approach from the Italian company Merloni came just at the time that he was looking for this extra capital.

He said: "We discussed several deals, including a joint venture company and the possibility of joint marketing, but in the end we came to the conclusion that these would be too messy. In the end I decided it was in the best interests of the employees to sell the business outright."

Mr. Colston will be left with the more profitable part of his business which makes components for the domestic appliance and other industries and a wide range of rubber mouldings.

This other part of the business, with a turnover of about £5m, employs 550 people, compared with the 750 in the domestic appliance section of the company.

Merloni, with a turnover of £120m in 1978, about 60 per cent of it in the domestic appliance business, has made one unsuccessful attempt to sell its machines in the UK under the Ariston label. It came up then against the need for an efficient sales and service network, which it has now acquired from Colston.

The acquisition will give Merloni a sales force of 100 with a back up of about 300 service engineers.

In addition, it intends to expand and modernise the Aycliffe plant which will eventually produce machines to its own design. Merloni's desire to expand production outside its main plant in Fabriano, Italy, was one of the main selling points for Mr. Colston, who wanted to keep his present workforce together.

Expansion

Merloni's expansion outside Italy is relatively recent, but appears to be a consistent policy of the group. It opened a water heater factory in Belgium in 1977 and then a factory in Portugal.

The company has also developed a turnkey consultancy which has advised on the setting up of plants under licence in Hungary, Yugoslavia, the USSR and Iran.

The company's products include dishwashers, washing machines, cookers, refrigerators, freezers, water heaters, sanitary ware and kitchen and bathroom furniture.

About 58 per cent of Merloni's sales are outside Italy, with 32 per cent in Europe, 15 per cent in the Middle East 5 per cent in Asia and 5 per cent in the U.S. The company is a comparative latecomer into the domestic appliance business, which it entered in the 1960s after building up a base in the sales of water heaters.

It has, however, shown steady growth in the field against its bigger competitors and now employs 3,000 people in highly automated production plants.

The Colston business was founded in 1955 after the late Sir Charles Colston had retired from Hoover UK. Sir Charles joined Hoover in 1919 and built it up during his period as managing director from 1927 and then as chairman and managing director from 1937. On his retirement he and his son founded Charles Colston Limited the nucleus of the present group which is still privately owned.

Eight big deals breach pay line

BY DAVID FREUD

EIGHT MAJOR settlements, covering more than 500,000 employees, are officially considered to have broken the Government's Phase Four pay policy guidelines, the Department of Employment said yesterday.

Figures released by the department reinforce indications that many employees are delaying their settlements until a clearer picture of the going rate emerges from the current industrial disputes.

Three of the eight settlements breaking the guidelines, covering 100,000 employees, were in double figures. The oil tanker drivers' settlement is estimated to mean an earnings increase of 10-13 per cent; the Ford settlement 16 per cent; and the electrical contracting settlement 10.5 per cent.

The other settlements were: British Oxygen, 9.5 per cent; Merchant Navy seamen 8.75 per cent; motor vehicle retail and repair 7.5-8 per cent; Scottish baking production 8 per cent and narrow fabrics 8 per cent.

The Price Commission is likely to take a company's inclusion on the list of settlements outside the guidelines into account when considering whether to allow price rises. The commission was promised wider powers by the Prime Minister on Tuesday.

So far, in the first five-and-a-half months of this pay round, only 1.5m employees—in 46 major negotiating groups—have settled, compared with 2.4m at the same time last year.

Settlements

The department said that 30 settlements, covering 800,000 employees, were within the guidelines. A total of 250,000 workers settled for five per cent or less, while the remainder took advantage of the provisions for special case treatment. The heating, ventilation and plumbing settlement allowed 30 per cent over two years under these provisions, for example.

The remaining eight settlements reached so far, involving 200,000, have yet to be considered by the department.

Delay in reaching settlements compared with last year means that the increase in the index for average earnings is artificially low.

In the first four months of the round, to November, the new index, covering 21m employees, rose a provisional 1.8 per cent compared with 2.7 per cent in the same period in 1977.

Only 330000 employees, however, had settled in the August to November period, compared with 500,000 in 1977.

The year-on-year increase to November was also influenced by these factors, falling to 13.2 per cent, compared with 14.7 per cent in September The new index provisionally estimated at 136.0 in November, compared with 135.2 in October. (January 1976=100, not seasonally adjusted).

The old index of earnings, based on about 11m employees mainl yin production industries, emphasised the favourable movement.

It fell 0.4 per cent in November for a year-on-year increase of 14.3 per cent compared with 16.6 per cent in October.

The old index was 343.5 in November (January 1970= 100, seasonally adjusted) compared with 344.8 in October.

Basic weekly wage rates were unchanged between December and the previous month at an index figure of 271.1 (July 1972=100).

RE-THINK ON BEER, PETROL, ELECTRICITY

Proposed price rises likely to be put in cold storage

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

PENDING price rises for beer, petrol, and electricity were last night likely to be left in abeyance after the Government's decision to remove most of the safeguard regulations from its price control powers.

A substantial number of companies, including the electricity boards, petrol companies and breweries were due to notify the Price Commission of proposed price rises over the next few weks, but the removal of the safeguard regulations was causing a drastic re-think of pricing strategiet.

Companies were having to decide whether it was worth trying to push through a quick price rise in the hope that the Government would be unable to get its short Bill amending the safeguard regulations through Parliament, or face a rejuvenated Price Commission freed from the shackles imposed by the safeguards.

Mr. Roy Hattersley, Prices Secretary, yesterday made it clear in a speech to the Market Reserve Society that the safeguard regulations had "placed a serious restriction on the Price Commission's ability to make recommendations based on their own experience and judgment."

He pointed out that in the 26 *investigations of price increases* completed by the commission since it was established in July 1977, the safeguards had applied in full or in part in no less than 20 cases.

"In some of these cases, had safeguards not existed, the commission would, I have no doubt, have consented to price increases under their discretionary powers," he said. He acknowledged that there were other cases where the price increases could well have been prevented or amended.

"The operation of safeguards has been a constraint on the commission's freedom of action. With the removal of this constraint the commission will have a further opportunity to consider the scope for reducing costs or absorbing increased costs through greater efficiency."

There is no doubt that the commission also welcomes the move with open arms; since it has made no secret of the fact that it considers the safeguard regulations both arbitrary and excessively complex.

The problem the commission faced was that the safeguard provisions, which basically ensure that a company achieves certain levels of profitability, were only put into the 1977 Price Commission Act after intense lobbying by the Confederation of British Industry.

As with most hybrid operations, the safeguard regulations did not fit in with the operating aims of the Price Commission—aims which had more to do with improving corporate efficiency than strict price control.

"The automatic price increase that safeguards permit enables the inefficient company to pass costs on to the consumer without even contemplating their absorption through greater efficiency," commented Mr. Hattersley.

Mr. Charles Williams, commission chairman, has said that he considers the best form of price control is for the effects of competition to operate on efficiently run companies. Without the stimulus to operate efficiently—since price increases could be easily obtained under the safeguard regulations despite the commission's desire to investigate rises—there could be no long-term improvements in efficiency.

It soon became clear that the safeguard regulations were complex to operate and that the ability of companies to convince the commission that interim increases should be allowed depended on the ability of a company's financial and legal advisers to interpret the legislation. It is significant that after the first year of operation, fewer companies were granted interim rises under the safeguard rules *as the commission's own officials* became more adept at operating the regulations.

But this still did not stop such anomalies as Perkins Engines, whose accounting systems were at such variance with those employed by the commission that it managed in recent weeks to achieve two increases under the safeguard regulations and thus achieve its 10.63 per cent price rise in full.

There is no doubt, however, that the scarpping of most proofit safeguards—apart from those relating to sector examinations as opposed to company investigations—will give the Price Commission more bite.

But, as Mr. Hattersley made clear yesterday, the change in the commission's powers was not an attempt to impose a pay sanction on companies. He stressed that the examination of prices involved considering cost increases—but these covered transport, fuel, raw materials, and finance, as well as extra labour costs. "Examination of all these elements is a quite different proposition from using the policy directly to bolster our pay targets," he added.

But fro the companies who are anxiously considering whether a price rise would be investigated by the commission—and so automatically be frozen for at least three months—*the next few weeks of Parliamentary* manoeuvring are likely to prove especially significant.

Award of £35m to BP contested

BY A. H. HERMANN, LEGAL CORRESPONDENT

AN IMPENDING judgment awarding about £35m to BP Exploration (Libya) is to be contested by the defendant, Mr. Nelson Bunker Hunt, in the Court of Appeal. Mr. Hunt, of Texas, owns Hunt Petroleum, Placid Oil and several other enterprises.

The High Court award which Mr. Justice Goff is expected to complete in about a month is an important victory for British Petroleum who became contractually involved with Mr. Hunt in Libya in 1960. In December 1971 the concession which was covered by the contract was sequestrated by the Libyan Government. The award will represent restitution of part of the benefit which Mr. Hunt obtained as a result of the contract frustrated by the sequestration of BP's Libyan concessions.

Mr. Ronnie Aitken of the London accountants Bender Hamlin, who is Mr. Hunt's agent in this dispute, said yesterday that Mr. Hunt was determined to contest the judgment in principle and as to the amount of the award.

Mr. Hunt's main defence appears to be that his agreement with BP contained a no-l iability clause, in other words, that he was given "free ride" on the venture. In Mr. Aitken's opinion the overruling of the no-liability clause by Mr. Justice Goff will have ominous consequences for those financing North Sea oil ventures and possibly other contracts subject to frustration.

The 251-page text read by Mr. Justice Goff in open court last October is not a final judgment—it will be finalised only after questions relating to interest and exchange rates have been clarified—but it can be considered as final as far as the decision of the legal issue by the judge is concerned.

The Law Reform (Frustrated Contracts) Act, 1943, on which the decision is based, did not introduce any fundamentally novel legal principle. It elaborates the old established principle of English law that unjust enrichment of one party creates the right of recovery for the other party who suffered loss or damage by the same event.

In all cases falling under this Act the relevant benefit *must* have been obtained by the defendant by reason of something done by the plaintiff. In this case BP claimed that Mr. Hunt obtained Libyan crude oil with money provided by BP, who also carried out drilling operations before its concessions were sequestrated.

The restitution provided for by the Act may be more than the contribution of the party claiming it, but not more than the benefit obtained by the defendant. The courts are therefore faced with the difficult task of determining a sum somewhere between the two.

BP and Mobil to push up price of petrol by 3p a gallon

BY KEVIN DONE, ENERGY CORRESPONDENT

BRITISH PETROLEUM and Mobil have told the Price Commission that they intend to raise the prices of all their oil products, including petrol and heating oil, by an average of 2½p-3p a gallon.

Esso is expected to follow suit in a few days.

And prices could rise again next month by about 3½p to 4p a gallon for the four-star grade with gradual increases of 1p-3p a gallon over the following six months.

Shell took the lead among the major oil companies last week, when it notified the Commission of similar increases.

BP and Mobil are basing the increases on the poor profitability of their oil products and the increases in crude oil prices agreed by the OPEC countries.

Crude oil prices will rise in stages over the next nine months, but the first rise of 5 per cent took effect from the beginning of January.

Until it abandoned its price subsidies to petrol stations in November Mobil was making a loss on its petrol marketing last year. BP Oil is thought to have done littlue more than break even with no return on a capital investment in the UK of £500m.

BP has about 16 per cent of the UK petrol market with some 5,200 retail outlets (including National Benzole), while Mobil has about 7½ per cent providing supplies for 1,320 service stations.

The Motor Agents Association has also warned that there could be further small petrol price increases later this year as dealers also try to improve their margins, which have been badly hit over the last two years by the forecourt price-cutting war.

Dealers are facing higher wage costs for forecourt attendants, some losses of business caused by the shortage of supplies during the tanker drivers' industrial action and increased running costs.

Nine remanded in £10m theft and fraud case

FINANCIAL TIMES REPORTER

NINE BUSINESSMEN charged with theft and fraud involving a total of £10m in connection with London and County Securities, the secondary bank which collapsed in 1973, were remanded on bail until April 23 at Bow Street Magistrate's Court yesterday.

The men are: John Arthur Hillman, *solicitor*; Wolf Perez, chiropodist; Mr. Brian McMenemy, manager; Arthur Pepperell; Michael Davidson; Robert Stephen Rubin, company director; Brian Kendall, financial consultant; Norman Charles Noye, accountant; and Ian Peter Green, shsipping manager.

Al lare on unconditional bail expect Pepperell. His surely of £75,000 was made continuous yesterday.

Computer stockbroking

NMW Computers, a specialised stockbroking bureau, announced a new system for stockbrokers yesterday.

Based on two large computers, it is designed to enable stockbrokers to carry out individual bargains, and to provide contract documentation in less than two minutes.

The system updates the relevant stockbrokers' ledgers immediately.

Linked to Talisman, the Stock Exchange's computerised settlement system, the system, "Capital," will go into live testing in three stockbrokers' offices in July.

After completion trials, the system will be offered to all NMW's customers in the UK, Ireland and the Channe Islands.

No cut seen in building society rates

By Michael Cassell, Building Correspondent

THERE IS no early prospect of a reduction in building society interest rates, according to the Nationwide Building Society.

Mr. Leonard Williams, chief general manager of the Nationwide, said in London yesterday that he was doubtful if building society interest rates would fall in the first half of 1979. Earlier in the week Mr. Ralph Stow, chairman of the Building Societies Association, had forecast that rates should fall in the Spring.

Most societies believe that their present near-record rates will be due for a reduction some time this year.

Many societies, like the Nationwide, believe that even if other competitive rates do begin to fall, they should not hurry into any similar decision. Most would want to see whether the trend to lower rates was established and they would also wish to restore partially some of the *liquid funds which have been* heavily deplete in the past year.

Mr. Williams said his society intended to increase lending in line with the guidelines recently set after talks with the Government, and that it hoped to raise lending further later.

Nationwide, the country's third largest building society, had another record year. Net receipts at £496m were the highest achieved, and mortgage lending (£755m) and the number of loans (70,000) were records.

New chairman for Reuters news agency

SIR DENIS HAMILTON was yesterday elected chairman of Reuters, the news agency. This is a non-executive appointment which does not affect Sir Denis' functions as chairman and editor-in-chief of Times Newspapers.

Sir Denis will assume the chairmanship of Reuters in June in succession to Lord Barnetson. Sir Denis, 60, has been a director of Reuters since 1967.

P.O. to set up phone system company

BY MAX WILKINSON

THE POST OFFICE is to set up an international marketing company to sell its new computerised telephone exchange system.

The company will be a joint venture between the Post Office and the three manufacturers of the system, Plessey, the General Electric Company and Standard Telephones and Cables, subsidiary of ITT.

Details of the shareholding in the company have not yet been agreed. This is a crucial issue, because it has been agreed that business obtained shall be divided between the three manufacturers in proportion to their shareholding.

It has also ben agreed that one of the companies will take the lead in tendering for each major contract, after the marketing company has paved the way by supplying information to potential customers and obtaining specifications.

The difficult task of selecting the lead contractor for each tender will rest with the managing director of the marketing company. The joint venture will be concerned only in promoting and selling System X, the digital exchange family now being developed at a cost of £150m.

The indications are that the National Enterprise Board has suspended its efforts to promote a merger among the three telecommunications companies.

One plan, pursued last year by the NEB was to promote a merger between STC and the telecommunications interests of Plessey. However, ITT was not happy with the terms proposed and Plessey also had grave doubts.

It is clear that the Government and the manufacturers are hoping that the new marketing company can present a united front to the outside world.

Since foreign orders are unlikely to be taken before 1983 or 1984, the question of unified manufacturing is not seen to be as urgent as marketing. Many people believe a merge would be easier to organise at a time of high demand for telephone exchange equipment.

However, a confidential document circulating in the NEB suggests that in the late 1980s computer techniques would in theory allow the total UK production of telephone exchanges to be concentrated in one factory.

The new marketing company will have a capital of £100,000 and is expected to employ 30 to 40 people.

Mr. Sharpley said he would be aiming at a total turnover of more than £100m a year when the project was fully under way.

He said: "I am aiming at not less than 10 per cent of the available world market."

He acknowledged that the British telecommunications industry would meet firce competition from other manufacturers, some of whom already have computer controlled digital exchanges on the world market.

However, he believed the involvement of the British Post Office would give the new company a great advantage in being able to offer a complete systems approach to telephone networks.

Pay policy relaxation raises doubts

THE PRIME MINISTER'S announcement of a relaxation of the pay policy for the lower-paid has raised questions among public service unions about how it is to be applied.

For instance an unpublished guidance note from the Department of Employment contains a reference to overtime which leaves it unclear whether the new limit should be applied to basic rates or to total weekly earnings. It seems to say the former.

Entitlement

But the Department says clearly that the £3.50 is a limit and not an entitlement. In other words, like the White Paper expemption, it would have to be bargained for. Clearly, though, the well-organised public service workers will treat it as an entitlement—and may try and build on that.

On overtime, the guidance note says: "The £3.50 (the cash alternative to 5 per cent for the lower-paid) need not be a special supplement but could be applied in such a way that earnings in overtime hours were increased proportionately. Juveniles and part-timers could also have proportionate increases."

Explaining the new rules, it says: "The proposal is that the pay guidelines should be amended to allow increases of up to, say, £3.50 for a normal week where this is more favourable than either the existing low pay exemption in paragraph 17 of the White Paper (which allows any increase so long as the resulting earnings level does not exceed £44.50 for a normal week) or the general limit of 5 per cent.

"As with existing features of the pay policy, these would be limits, not entitlements.

Exception

"The limit would apply to the group, not to the individual. Where the average earnings of the group for a normal full-time week, inclusive of bonus and incentive payments, etc., did not (in a recent representative period) exceed £41 then the existing paragraph 17 exception would be more favourable.

"Where they were between £41 and £70 then £3.50 would be more favourable. Above that figure 5 per cent would continue to be more favourable.

"Where negotiating groups straddle £41 or £70 then it would be open to negotiators to treat them as separate groups for this purpose, those below £41 being brought up to £44.50, those between £41 and £70 being awarded increases averaging up to £3.50 per head, and those over £70 being awarded increases averaging up to 5 per cent per head.

"But as the White Paper makes clear, it would not be inconsistent with the purpose of the provision if part of the increase needed to bring those below £41 up to £44.50 were transferred to those above that figure, and in the same way it would not be consistent with the purpose of the £3.50 underpinning if any part of it were transferred to those above £70."

Meeting today may determine extent of water disruption

BY PAULINE CLARK AND RHYS DAVID

THE EXTENT to which 33,000 water and sewage workers, one of the most powerful groups in the public services, will join next week's planned nationwide industrial action might be determined when pay talks resume today.

Some improvement on the previous 9.3 per cent offer is expected as a result of the Prime Minister's latest adjustment to the Government's 5 per cent policy. Whether the unions accept a new deal, however, may depend on the conditions of an efficiency bonus that goes with it.

Meanwhile, employers and union representatives of 40,000 gas industry manual workers will continue negotiations on a 20 per cent claim, and tomorrow will see a renewed staff-side meeting of all unions involved in the hospital ancillary workers' dispute.

The water workers are crucial because of the dramatic effect their involvement in next week's action might have on the public.

The General and Municipal Workers' Union, representing half of the group, has left until today the question of whether the water workers will be involved. However, some of the three-tenths contingent represented by the National Union of Public Employees have begun unofficial action.

Some 600 water workers in Northern Manchester, dissatisfied with the national pay offer, voted yesterday to continue their five-day-old action that has left 2,000 homes without supplies.

They are to intensify picketing throughout the region, although efforts spread the action were said to have failed. Sewage workers at a big Manchester treatment centre were working normally although unofficial strike leaders had appealed to them to act.

Householders affected by burst pipes have had to rely on neighbours to supply them with water and the North West Water Authority is urging economy with water.

The new £70 low pay provision is unlikely to affect many of the water workers. Under the latest offer, average weekly earnings would be raised from £73.88 to £80.83.

The water workers' main hope for an improved offer rests on comparability with gas and electricity supply workers. Employers have acknowledged a pay gap between water workers and those groups of £10 and £5 respectively.

The gas supply workers are expected to receive an initial offer today. Employers are insisting on a settlement within the Government's pay guidelines but were looking carefully yesterday at the implications of the Prime Minister's reference to comparability with private industry for many public employees.

Four fifths of the gas manual workers are represented by the General and Municipal Workers' Union, whose local-government and hospital ancillary workers' members are expected to join next week's co-ordinated action.

FACED WITH a leaking water main flooding cellars and discolouring water supplies, three housewives in Mossley, Greater Manchester, found their own way 'round the local water maintenance workers' strike. In two 12-hour days they dug down to the leak themselves, in an alley between two houses. Before they dug the 30 ft by 4 ft trench, 3 ft deep, heavy stone slabs had to be removed. They exposed the corroded pipes and a plumber fitted a new pipe yesterday. Had they failed to carry out the repair, their homes would have joined those of the 2,000 others where water has been cut off.

Provincial paper journalists accept

BY CHRISTIAN TYLER, LABOUR EDITOR

THE SEVEN-WEEK pay strike of 9,000 provincial journalists was called off yesterday by the national executive of the National Union of Journalists.

The journalists are being told to return to work in time to produce Monday's morning and evening papers.

An average increase of 14.5 per cent—nearly three times the official pay limit—was secured by the strike, the first national action against Newspaper Society member-companies.

The settlement means increases of between £9.40 and £18.22 a week for fully qualified journalists and pro-rata for trainees. The union had claimed an increase of £20 a week.

Mr. Ken Ashton, NUJ general secretary, will now be talking to journalists at the Press Association, who were instructed to strike at the same time. The PA's strike, which was not fully supported, and the consequent blacking of PA copies by national daily newspapers and the broadcasting companies, may be lifted before the week-end.

Some provincial newspaper journalists may return before the weekend—a drift-back has already been reported.

The end of the strike came after a delegate meeting in London, and a poll of chapels (union branches) who voted 198 to 51 to accept the offer.

The NUJ is mounting a campaign for the reinstatement of 28 journalists sacked during the dispute. It said it would be trying to ensure that the management of the Nottingham Evening Post did not carry out their threat to ignore the Newspaper Society's recommendation that sacked strikers should be re-engaged.

ACAS wrong—Denning

BY PHILIP BASSETT, LABOUR STAFF

THE ADVISORY Conciliation and Arbitration Service should give priority to extension of collective bargaining over the general duty of improving industrial relations, Lord Denning, Master of the Rolls, said in the Court of Appeal yesterday.

The court found against ACAS in an appeal which throws into doubt the service's policy of discouraging entry of new trade unions to established areas of industry, and is considered crucial to the sensitive area of white-collar union recognition, particularly in the engineering industry.

ACAS was appealing against a finding by Mr. Justice May in the High Court that the service had "misdirected itself in law" in failing to recommend recognition, despite strong support, of the non-TUC-affiliated United Kingdom Association of Professional Engineers, at APE-Allen, a Bedford engineering company.

Lord Denning's ruling on giving priority to extension of collective bargaining, supported by Lord Justice Lawton but not by Lord Justice Brandon, who are the two other judges considering the appeal, has important implications for the thrust of ACAS policy.

ACAS had submitted that its principal and overriding duty was improvement of industrial relations. The service had said that in seeking to perform this duty it would have in mind extension of collective bargaining, but that improving industrial relations was its principal duty.

The service was given leave to appeal against the court's decision to the House of Lords. Because of its implications for ACAS policy, an appeal is almost certain, though no decision has yet been taken. The ACAS Council will consider the court's judgement when it meets next week.

The court upheld Mr. Justice May's declaration of the ACAS report on the case as void. The report, which found that 79 per cent of the staff the union wished to organise supported its claim, refused to recommend recognition of the association after it had submitted a claim under Section 11 of the Employment Protection Act.

ACAS said in its report that a recommendation of the United Kingdom Association of Professional Engineers would lead to further fragmentation of the procedural arrangements and not promote improvement of industrial relations.

Lord Denning said that priority should have been given to the extension of collective bargaining, and ACAS had misdirected itself. Fragmentation was a legitimate reason for refusing recognition but there was not enough evidence of fragmentation in this case to justify refusal.

ACAS had failed in its duty because it gave too much weight to what the court acknowledged as clear threats of strike action by unions in the Confederation of Shipbuilding and Engineering Unions if recognition of the non-TUC union were recommended, and because it did not carry out its statutory duty of extending collective bargaining.

If ACAS was influenced by such threats it would be the tool of powerful trade unions and the lackey of union decrees.

Lord Justice Brandon, while disagreeing that the extension of collective bargaining should have priority, did agree that the ACAS report was void.

In the *recognition* battles since the Employment Protection Act came into force, the Engineering Employers' Federation and the CSEU have maintained a common front in their opposition to unions not party to the industry's national procedure agreement.

Mr. Charles Hickling, deputy general secretary of the UK Association of Professional Engineers, said the union was "extremely pleased" with the judgment, and with Lord Denning's view that the union, which was *trying* to use the law, was being thwarted by the "big battalions" of the trade union movement.

Mr. John Lyons, general secretary of the TUC-affiliated Engineers' and Managers' Association, which is fighting against TUC opposition, for recognition, on behalf of managers in the shipbuilding industry and individual engineering companies, said that the court's decision "exposed the ACAS approach to recognition issues for the charade we have found it to be."

The appeal has effectively frozen recognition work in similar areas. Mr. Lyons said his union would now demand that ACAS perform its statutory duty and deal with the outstanding cases.

Sir John Atwell, chairman of the Council of Engineering Institutions, welcomed the court's decision. The council is considering the implications of the judgment.

Export track almost at a halt as goods build up in ports

EXPORTS WERE almost completely halted yesterday as ports continued to face intense picketing.

But the picket line at Felixstowe was broken when 25 heavy lorries from Rotterdam forced their way to the road.

The strike committee at the port said the continental hauliers "drove like maniacs" but there was no plan to stop them with violence.

Southampton docks was heavily congested and between £75m and £80m of imports were trapped. Most of the port's export trade had dried up. All exports stored at the port before the strike had been loaded and shipped.

The imports at Southampton include 10,000 tons of newsprint and 9,000 cars. Lorry traffic was don to a trickle.

At Liverpool, the port had 6,000 tons of general cargo awaiting export, including 200 empty and loaded containers. The cargo included chemicals, cars, steel plate and whisky.

The Liverpool strike committee said it would consider today the fate of nearly 700 tons of fresh fruit fro mthe Canary Islands, which arrived earlier this week on a Japanese ship. The pickets complained to the Mersey Docks and Harbour Board that there had been no consultation about the Osaka Reefer's cargo of fruit.

Strong picketing continued at Tilbury Docks, London and there was a growing shortage of space.

Pickets at some of Britain's smaller ports, including Lowestoft, King's Lynn, Plymouth, Silloth in Cumbria, Fleetwood and in South Wales, agreed to release a range of imports. These included fish, grain, timber, coal, bananas, newsprint and cattle.

At Hull, Tolmans, a local car distributor was given permission by the strike committee to move a cargo of Russian Lada cars. At the last minute, and after the cars were loaded on road transporters, the pickets refused to allow the vehicles out of the port.

In the east Midlands, companies running their own transport fleets had almost stopped operating, the Freight Transport Association said. The own-account drivers are not in dispute with the transport workers' union and in the west Midlands, they continued to operate as normal yesterday.

Delays cost £100m a day, says Trade Board

BRITISH EXPORTS worth nearly £100m a day are being delayed as a result of the lorry drivers' strike, and the country's recently improved delivery record with overseas customers is certain to suffer, the British Overseas Trade Board warned yesterday.

It also pointed out that unless the large warned yesterday—the large quantities of goods now piling up at the docks and factories can be moved quickly, future orders will be lost with consequent loss of work and profits for exporting companies.

The board urged speedy action to remove picketing at the docks on transport not involved in the dispute. Unless this happened soon, it would take a long time to rebuild trust in Britain's capacity to deliver, and exports would be seriously damaged.

One serious effect would be the loss of vital British components for European industry, which could close European production lines.

The Confederation of British Industry, which has already had reports of export orders being lost as a result of the strike, warned that smaller companies were likely to suffer first.

Unless shipments were resumed within a few days, payments for goods would be delayed with consequent pressure on company liquidity. This problem had already been experienced because of fuel shortages.

Enough food, claims Silkin

DIRE WARNINGS of impending shortages of processed foods in the shops were last night countered by cool assurances from Mr. John Silkin, Minister of Agriculture.

MR. JOHN SILKIN: Cool assurances

Responding to what he called "apocalyptic" statements, the Minister insisted there were ample supplies of basic foodstuffs such as meat, milk, bread, potatoes and fruit and fresh vegetables.

Earlier, Mr. Derrick Hornby, president of the Food Manufacturers' Federation, warned that only a tenth of the output from British food factories was reaching supermarkets.

When existing supplies were not sold stocks would not be replenished, he said.

Grocery shops had already begun to close because of shortages, he claimed. About 50,000 food industry workers had been laid off, and in only a matter of days the whole workforce of 600,000 could be sent home if the picketing of vital raw materials and packaging was not stopped.

"Progressively, foodstuffs will become scarcer and scarcer and essential foods are ont going to be available," he said.

Ninety per cent of the industry production was not getting past the pickets and most or all of the food factories in the country would close by the end of next week.

Mr. Hornby said he had hesitated to comment publicly on the state of the industry because he did not want to be responsible for any panic. But because there was now so little food in the distribution chain, he felt obliged to be explicit.

Heinz has now closed three of its four factories, and Metal Box has enough cans available for only three more days' deliveries.

Kellogg's Manchester factory is closed, Golden Wonder, Walkers and Smiths Crisp plants are shut. Output from the Cow and Gate works at Bourton has stopped.

Four margarine factories and two edible oil processing works have stopped production, and all output from the country's frozen and dehydrated potato companies has ceased.

An edible oil industry export said deliveries of oils and fats, vital for most food manufacturing industry, were down to 5 per cent of normal.

The UK Association of Frozen Food Producers said the industry had "all-but ground to a halt."

In a telegram to Mr. John Silkin, Minister of Agriculture, Mr. Mick Coburn, association president, said: "I am totally disillusioned by your statement that 80 per cent of food supplies are back to normal."

He said his own company, Findus, had already laid off 2,000 staff on Humberside and the remaining 1,500 would be send home by the weekend.

Sir Hector Laing, chairman of the Food and Drink Industries' Council, said movement of food supplies was coming to ha halt because of intimidation by pickets of drivers moving essential produce.

He asked the Transport and General Workers' Union for a public statement to reassure drivers moving loads for food factories, depots and shops that theye were not "blacklegs" and that they would not be discriminated against by the union.

Effects of the strike are now beginning to snowball and harm areas of the food industry so far relatively unaffected. The pet food business is beginning to close down because of the shortage of cans. As a result, abattoirs are being left with large quantities of blood and inedible offals — normally used in cat and dog food—for which they have no outlets.

Since these by-products cannot be disposed of down drains, they may rapidly develop into health hazards, and force slaughterhouses to stop killing and hamper fresh meat supplies.

Stocks of hides and skins also are in danger of rotting for lack of salt to cure them.

Supplies of frozen New Zealand lamb, usually pouring into the country at this time of year at 1,000 tonnes a day, are blocked in picketed cold stores and depots.

For the moment retailers are well supplied. Even ...though the dockside stocks are inaccessible some distributors are managing to make their way past the pickets to collect meat from the inland depots.

Meat trade sources at wholesale markets said they had more meat than customers. Despite all the difficulties, prices of stewing beef had fallen to pre-strike levels after rising in last week's panic.

The High Street butchers' chain J. H. Dewhurst suggested, however, that shoppers might be advised to stock up their freezers with cheap meats like sausages and hamburgers.

Mr. David Cairns, North Humberside regional secretary of the Transport and General Workers' Union, announced last night that all picketing of animal feed raw materials for local mills had stopped.

MR. DERRICK HORNBY: standstill warning

Until yesterday pickets had been preventing usppties of vital raw materials from reaching feed manufacturers. The lives of 2.5m chickens and 600,000 pigs are endangered.

Relaxation of the picketing follows the intervention of Mr. John Silkin, Minister of Agriculture, who yesterday morning asked for restrictions to be lifted. Mr. Silkin's reputation is particularly high in the region because of his stand to protect British fisheries in the EEC negotiations.

'No layoffs yet' in china, glass and pottery

THE CHINA, glass and pottery industry is suffering from the effects both of the road hauliers' strike and intermittent rail strikes.

Much of the industry is served by raw materials by English china clays from the West Country, mainly in night freight trains, disrupted once this week and expected to be upset again today.

Royal Doulton Tableware, a major exporter — "over 50 per cent of our output" — said that it could not get its containers out of the docks."

Wedgwood said that the road strike was "just beginning" to have an effect on shipments to the docks.

Mr. Sam Jarrett, director of the British Ceramics Manufacturing Federation, said last night that the industry was not yet in a crisis.

Import difficulties no problem yet for car salesmen

CAR IMPORTERS are suffering some interuptions of supply but it will take some time for the shortages to become apparent in the showrooms.

Ironically, the difficulties have coincided with record January car sales. In the first two weeks of 1979 about 100,000 new cars were registered, compared with the 152,350 for all of January last year.

Imported cars accounted for over 54 per cent of registrations —also close to record penetration—and it was the European companies which did best. The Japanese experienced a "slow" start to the year and had only 8.5 per cent of the market in the first two weeks.

Ford had done very well delivering many extra cars to customers who would have bought them at the end of last year had it not been for the nine-week strike which cut supplies.

Ford, the major importer, uses East Coast ports to bring in Continental-built models. As it is not possible to move products in or out of some ports, and Immingham, Ford's imports—which accounted for aobut a third of its sales last year—are being disrupted. tight," which means that Peugeot and Volkswagen-Audi are affected because both use Grimsby as well as one other port—Dover in Peugeot's case, while VW-Audi uses Ramsgate.

This is affecting the supply of new cars to dealers in the North of England but the blackest spot for all the car concerns is Northern Ireland, where no cars are being moved.

Fiat says it has lost some deliveries, whie Datsun, which is getting cars through the ports, has been experiencing problems at its new car compound in Middlesborough. Pickets are allowing only a limited number out.

On the production front the outlook for BL improved and thhe Longbridge plant did not close down as expected yesterday. Production of Minis and Allegros should continue until the end of this week at least.

However, by this morning 1,600 had been laid off at Cowley, bringing production of Maxi and Princess models to a halt. Work continues on the Marina.

Engineering companies hit by lack of bottled gas

DELAYS in supplies of gas were among the results of the strikes reported by engineering companies and other parts of industry yesterday. Mr. Carl de Camps, general manager of Calor Gas, said his company was being hit by widescale secondary picketing of its depots, as well as by the railways stoppage, which had interrupted movement of gas from the coast to inland refineries.

The lorry drivers' picketing of Calor Gas's Ellesmere Port depot followed the earlier action there by Texaco tanker drivers.

Some Calor Gas supplies were reaching customers late. Plans by Howard Machinery, in Suffolk, to go on a three-day week did not matedialise, despte the earlier report that this had happened.

Among major engineering companies, Perkins Engines, Babcock and Wilcox and Simon Engineering of Stockport were copingj with the strike, despite difficulties. Pilkington, which laid off 500 people at St. Helens at the weekend, spoke of a rapid rise of stocks of finished goods. At Fredk. Pollard of Leicester, a large machine tool for Saab-Scania, is one of several orders which cannot be moved for shipment abroad.

Coventry Climax, which makes fork lift trucks, said that its Warrington plant was picketed all day, but there were no pickets at its two other plants, in Covetry and at Batley, Yorks. The Warrington plant was short of heating fuel and production was below normal.

Furnaces shut on Teesside

OPERATIONS at the British Steel Corporation's Teesside division are down to 60 per cent of normal and two furnaces —a blast furnace and a steel arc furnace—will be out of production until further notice because of lack of raw materials.

Officials said last night that the rail dispute would "seriously aggravate" the effects of the road haulage dispute and hinted that lay-offs and further plant closure would be considered on Monday. A similar warning was made at the Scunthorpe division, where four out of nine blast furnaces are not working.

The steel industry's first lay-offs will affect 6,500 South Wales tin plate workers at the weekend.

More strike news, page 10

Do not post mail abroad, Post Office urges

SURFACE MAIL from most countries outside Europe and mail from the UK to these countries is being halted at British ports because of picketing.

The Post Office said yesterday: "Customers are therefore urged not to post printed papers, letters and parcels to these countries because they cannot at present be forwarded."

The Post Office said that all inquiries should be addressed to local head postmasters but the words "most countries outside Europe" included Australia, USA, Asia, Canada and Africa.

Pickets were ignoring an agreement between the Transport Union (TGWU) and the Union of Post Office Workers to allow overseas mail to be delivered to the docks, the Mail Users' Association said yesterday.

Mr. Julian Blackwell, chairman of the exporters' group of the association, said: "We have been assured that the TGWU has undertaken to allow Royal Mail vehicles to cross picket lines. This is not happening, and vehicles continue to be stopped by aggressive pickets.

Mr. Blackwell said he had obtained agreement from the strike committee for the mail vans to be allowe through, but in spite of this the pickets continued to stop them.

He said that Government statements that pickets were behaving responsibly were incorrect, and were adding to might otherwise take alternative the difficulties of mail users who action.

25% of packaging companies affected

THE £400m fibreboard ackaging industry could be halted by next week, putting many of the 23,000 employees out of work.

About 25 per cent of fibreclosed and the figure could rise to 70 per cent next week as a result of the strike, according to the Fireboard Packing Case Manufacturers' Association.

The association, which represents 60 companies including Bowater, Reeds, Alliance Smurfitt and Thames Case, said notices to suspend the guaranteed week had already been given to employees and that more could follow this week.

MacMillian Bloedel Containers now has only two out of six plants in full production. At West Auckland 175 workers have been given alternative work after fuel supplies dried up on Friday. If supplies fail to arrive by the end of this week, all workers will be laid off. MacMillian's Hatfield plant is working at 40 per cent capacity and its Weston-super-Mare plant closed on Monday.

Other packaging manufacturers making glass and plastic containers, cans and cardboard trays for the food and drink industry and for medical suppliers, are also being forced to cut production. Many of their Customers now short of raw materials and still being picketed, have shutdown.

Self-employed in protest

MEMBERS of the Federation of the Self-Employed in Lincolnshire plan to picket local social security offices today as a protest against payments to strikers.

Shortage of salt should end from today

SALT SUPPLIES should be running normally today after days of critical shortages which have disrupted food processing and other industries.

Mr. John Silkin, Minister of Agriculture, said last night he had won assurances from the Transport and General Workers' Union headquarters that picketing of national salft supplies in Cheshire would be relaxed.

From 10 tankers a day at present, deliveries would rise to the normal 30-lorries-a-day level.

His announcement coincided with a warning from the National Association of Master Bakers that bread production could be afferted in the next few days if supplies of vital ingredients such as salt were not freed.

The association said earlier that attempts were being made to get salt released from British Salt in Cheshire and ICI but despite the correct documentation for its release pickets were ignoring union instructions. Only one in three loads of salt were getting past the pickets and these loads were mainly destined for hospitals.

The association said: "There are no problems with flour and yeast, which are being allowed througho as essential foods, but salt, fats and oils are not seen by the pickets to be in the same category."

If supplies of salt were not made available soon the association's 4,000 bakers, small and large, would be badly affected depending on their reserves.

Mr. Tony Coleson of Coleson and Co., independent London bakers, said that he normally had salt delivered every two weeks. He now had one week's supply on hand.

Supermarket chains sound warning of falling supplies

TESCO, the UK's largest supermarket chain, said last night that picketing had prevented it from obtaining 75 per cent of its supplies from manufacturers.

Mr. Leslie Porter, Tesco chairman, said that the company had received only 15 vehicles deliveries out of the 60 it usually has on a Monday. The extent of the shortages was not yet visible in shops, although fat and margarine were already very scarce and butter was being rationed at 1 lb per customer. Toilet rolls would also soon be scarce, and stocks of canned foods would also soon run down.

The Co-operative Wholesale Society, which has 130 factories, estimated a 30 per cent drop in its supplies, with butter and margarine particularly scarce.

J. Sainsbury gave no figures about its supply situation. However, it endorsed yesterday's grave statement by the Food Manufacturers' Federation that only a tenth of supplies were reaching shops.

Hundreds of supermarkets in the East Midlands and the North were affected yesterday by secondary picketing of frozen fod supplies at the big Christian Salvesen cold store at Easton, near Grantham, Lincs.

Pickets claimed to have cut the number of lorries using the store to fewer than 20 from the hundreds which normally use it every day. Dispensation were granted only for special cases, such as hospitals and schools.

Non-union drivers were allowed into the cold store, but lorries were not loaded because unions inside teh store were supporting the strikers, one of the pickets said.

Reports by LORNE BARLING, KENNETH GOODING, JAMES McDONALD, LYNTON McLAIN, CHRISTOPHER PARKES, MAURICE SAMUELSON, COLLEEN TOOMEY, MAX WILKINSON and LISA WOOD.

Output halts at 35 whisky distilleries

THE PRODUCTION of whisky was hit severely in Scotland yesterday as pickets isolated essential raw materials, including bottles and malt.

The Distillers Company said 35 of its 45 malt whisky distilleries had already stopped production. On Monday more than half the plants were still operating.

The company said raw materials could not get into the plants and whisky could not get out. Production had to stop as the limited storage space for the finished product was running out rapidly.

The problems had also affected the company's eight blending and botting plants.

The company planned to safeguard employment wherever it could. There had been no lay-offs so far.

But the company's 12,000 workers in Scotland had been told that the guaranteed working week had been suspended. Two plants were very close to being forced to lay people off.

Lay offs were certain early next week, the company said.

NICK GARNETT gives a g uide to the picketing row

Drivers' action overshadows real dispute

THE ISSUE of picketing is now attracting as much public attention as the lorry drivers' pay claim itself.

Within the last few days the subject has been extensively discussed in the House of Commons and formed the basis of statements by Ministers and Mr. Len Murray, general secretary of the TUC.

Lorry drivers are operating four types of picketing.

These are, firstly, the picketing of road haulage companies which are members of the Road Haulage Association. These companies are directly involved in the dispute. It also includes one-man haulage companies where the employer is also the sole driver.

Secondly, there is picketing of the same type of hire and reward haulage companies which are not members of the association but whose pay rates and conditions are directly affected by those fixed by the association. Drivers at a large number of these companies are not on strike.

Thirdly, there is widespread picketing of manufacturing companies, industrial sites, container depots and docks. This is being done with the full support of the executive of the Transport and General Workers' Union for two specific purposes.

On one hand, it is designed to stop lorries opeated by all hire and reward haulage companies from delivering to and picking up goods from factories and ports.

On the other it is aimed at preventing manufacturing companies from using other haulage services in place of those hire and reward operators which are in dispute with the union and which are normally used on contract by manufacturers.

The union is giving full backing to its drivers on these forms of picketing.

It is, however, attempting to remove the fourth type of picketing, which is described as "secondary picketing" in its fullest sense. This is still operating quite widely in a number of areas.

In these cases, drivers mounting pickets at the gates of factories, container bases and seaports are attempting to "turn round" not only hire and reward sector lorries but also those vehicles owned and operated directly by manufacturing companies and distribution services.

These are termed "own account" vehicles, and include trucks operated by the National Freight Corporation, which has separate pay and conditions agreements to the association.

The union has told strike committees that these own account vehicles should be allowed through picket lines. At its most intensive, this form of secondary picketing is aimed at halting virtually every lorry on the road.

In the haulage dispute, senior union officials have been supporting the use of what has been called "flying pickets."

These are used, for example, where a local strike committee or union branch office decides that a picket line must be mounted immediately at a factory or other site where it discovers there are no pickets.

It will also be used where the destination discovered of loaded lorries which have left an unpicketed site. The union's executive, however, is strongly opposed to more robust uses of flying pickets — including reported incidents of lorries being waylaid by pickets in cars—and out and out intimidation of drivers.

The only recommendation from the union's executive which cuts across what amounts to instructions on picketing is that members follow the priority list of supplies agreed with Government Ministers.

Regional officials have been informed that pickets should allow through certain types of food, including animal and livestock feedstuffs, pharmaceutical products, some fuels for heating and other items.

REGIONAL ROUND-UP

Bribes demanded to let lorries through, says MP

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE GOVERNMENT was asked last night to carry out an inquiry into allegations that strikers have been demanding money before they allow lorries through picket lines.

Mr. Teddy Taylor, MP for Cathcart and Conservative frontbench Scottish spokesman, said that he had received three complaints from companies that they had been asked for contributions towards strike funds.

He described it as a "nasty and frightening development" which ought to be condemned by every responsible trade unionist, and asked Mr. Bruce Millan, Secretary for Scotland, to institute an immediate inquiry.

The police should also be asked to make clear to local strike committees what the legal limits of picketing were, he said.

The Confederation of British Industry in Scotland confirmed yesterday that it had received complaints from members that they had been asked for donations to strike funds.

Mr. Kenneth Smith, assistant director, said that companies had been given the clear impression that, if they did not contribute, they would not be allowed to move vehicles, even though they were carrying exempted goods, such as animal feed or emergency supplies.

The amounts asked for varied from £2 to cover telephone calls and other costs of administering the emergency procedures to up to £30 in a few isolated cases. In some instances, a picket accompanied the driver in his cab while he drove into a depot or through a picket line, and the haulage company was then expected to pay the equivalent of the driver's earnings to the strike fund.

Mr. Smith said tha the CBI was attempting to corroborate stories, but some companies were reluctant to give their names for fear of reprisals.

Scottish leaders of the transport union denied that pickets were demanding money, but they are to investigate the one case that has so far been confirmed.

Arran Trading, a company which runs a regular haulage service to and from the Isle of Arran in the Firth of Clyde, has been paying £26 a load to convey animal feed and fruit and vegetables for the island's hospital and old people's home.

Mr. Phil Currie, a driver with the company, said that pickets at Ardrossan pier, the mainland terminal for the ferry, had been given cheques since Tuesday to allow lorries through to Glasgow.

One of the pickets, who declined to give his name, said that the decision to ask for money had ben taken at a meeting of the local strike committee. The money was to go to charity.

Layoffs fail to show true impact, CBI says

By Arthur Smith, Midlands Correspondent

THE 20,000 employees laid off in the west Midlands represent only part of the impact of the strike, according to the Confederation of British Industry.

Mr. Steve Rankin, the confederation's regional director, said that many companies were working shorter hours or finding maintenance jobs for workers rather than closing down.

Lay offs were likely to reach 50,000 by the weekend but their full extent would depend on how quickly BL Cars' ouput was stopped. Large components suppliers would be affected within days of BL shutdowns.

Supplies of raw materials including sugar, salt, cans, packaging, asbestos, chipboard and sulphuric acid were rying up.

Mr. Rankin gave a warning that the Government's proposed strengthening of price controls would harm employment. His confederation's latest survey ha shown that many West Midlands companies were suffering from restricted liquidity, a position that would be aggravated by the dispute.

Picketing in the Midlands, where the dispute is not official, has eased in the past two days. However, the emergency committee for the east of the region reported yesterday that there was difficulty over the union's interpretation of priorities.

About 300 women factory workers at Cadbury-Schweppes, Bournville, Birmingham, forced 15 pickets away from the plant at lunch time.

Mr. Terence Bowden, a picket, said that the men could do little in the face of the women's complaints.

Jobs hit in North total 50,000

BY RHYS DAVID

LAYOFFS NOTIFIED to the Department of Employment in the North of England have passed 50,000 as the lorry drivers strike increases its stranglehold on much of the areas' industry and commerce.

In the North-West, one of the worst affected parts of the country, the total rose slightly during the day to 27,000, and there were reports of an easing of the blockade on some essential supplies and a partial restoration of union control over unofficial strikers.

Elsewhere in the North, there are signs that the situation is worsening with layoffs in the North-East otalling 18,000, and a new fuel crisis looming because of the picketing of oil terminals on Teeside.

The rest of the layoffs in the North are in Yorkshire—a total of 10,000—where concern continues over the fate of livestock because of the blockade of feedstuffs at Hull docks.

The food situation throughout the North remains potentially serious, although a number of major supermarket chains report that their shelves are reasonably well stocked except for a few commodities, such as butter, margarine and sugar. They also warn that shortages could develop very quickly.

The threat of an extension of the water workers strike in Manchester was lifted temporarily yesterday when men at the city's main depot voted to cross picket lines set up by their colleagues from the North-West Water Authority's Pennine division, who have been on strike for almost a week.

Manchester is faced with a 24-hour bus strike on Monday, timed to coincide with the public service workers' dispute.

There is some hope that action by the regional Mersey committee will secure movement of white salt supplies from the two manufacturers in Cheshire, easing the problems facing the bread and food industries.

Most animal feed is now getting through from Liverpool docks. In general, however, the blockade of wholesale food depots is continuing to reduce the supplies reaching the shops, and concern is now being expressed over the movement of pharmaceutical products.

Easing of picketing has halted some layoffs. Chloride the battery manufacturer, which had been proposing to lay off 1,200 workers, mostly TGWU members, in two stages, said yesterday that it would not be necessary to lay off the first 500 at this stage.

In the North-East, there are acute problems with building materials, and this is causing layoffs. Because of difficulties in obtaining oil supplies from Teesside, 220 schools in the region are closed, and there is also a shortage of calor gas.

Farmers in the area, which includes Cumbria, are increasingly concerned at shortages of animal feeds, with factories unable to obtain raw materials from docks in the area.

In Yorkshire, food supplies are described as reasonable, with animal feeds again the major problems. At Hull docks, the TGWU is apparently still unable to make its writ run, and decisions are being taken by the strike committee on which deliveries to allow through.

Hospitals fear vital chemical supplies loss

THE DEPARTMENT of Health said yesterday that hospitals were becoming increasingly worried about the effect of the strike on their supplies of detergents and sodium metasilicate—a chemical also used in laundering. Deliveries of both products have been stopped because of picketing at BP Chemicals' detergent plant in Scotland and at the Unilever group's sodium metasilicate plant in Warrington.

Hospitals unable to launder their linen would normally use disposable sheets and gowns as a replacement, but stocks of these are extremely low too because of the hospital supervisors' strike last year.

The Department of Health said hospital patients had not yet been directly hit by the road haulage strike but it added that this situation "could change rapidly."

A shortage of granular salt used for renal dialysis was reported in the Merseyside area yesterday.

Diesel fuel famine puts bus services at risk

BY ROBIN REEVES, WELSH CORRESPONDENT

DIESEL FUEL is becoming scarce in the South-west and South Wales because of strict picketing of oil depots at Avonmouth and Newport, Gwent.

The Government's Emergency Committee for Wales reported yesterday that the shortage threatened 'bus services. The South-west's committee said that service stations on the M4 and M5 were running short of derv and that diesel fuel was becoming increasingly hard to find.

Pickets at oil terminals are limiting deliveries of diesel fuel to non-haulage company fleets and essential users, including public transport.

The pickets are apparently interpreting the exemption list very strictly to try to prevent diesel from reaching the fuel tanks of owner-users in the haulage industry. For the same reason, no derv is being allowed out to filling stations.

Estimates of layoffs vary. Some put the figure at 3,200 in 16 companies in Wales and 2,000 in the South-West. However, the CBI in Bristol said yesterday that layoffs in the region totalled only several hundreds.

In Wales, the Emergency Committee gave a warning that a further 10,000 layoffs would occur within 10 days unless the strike ended. Materials shortages were obstructing industry and export orders were being frustrated, it said.

BL laid off 700 workers at its Llanelli pressings plant last night and Thorn Electric laid off another 700 at Merthyr Tydfil. Alcan expected 1,500 layoffs within days at Newport.

'Sweetener' denied

A FARMER'S allegation that he has been obliged to pay a £1.50-a-load "bribe" to get sugar beet into a factory at Cantley, Norfolk, for processing was denied by Transport and General Workers' Union strike leaders yesterday.

Mr. Anthony Gurney wrote to his local newspaper, in Norwich, saying that he had been advised by a beet haulier that he would have to pay the levy to the labour headquarters to get the beet through.

The union said: "This claim is completely refuted. Where some hauliers might be using our men to get food supplies through, they are asked to donate their men's wages to charity."

Ulster hope of new talks

BY OUR BELFAST CORRESPONDENT

HOPES ROSE in Ulster yesterday that road haulage employers and representatives of the 5,000 striking drivers might shortly restart formal negotiations.

Transport union leaders had two hours of informal talks with the employers' side under the auspices of the Northern Ireland Labour Relations Agency, and both parties undertook to report back to their members.

Industry is worried that some vital materials are being held up in spite of the agreement of the union to allow them through. Butter and cheese manufacturers said they were running out of salt.

The Ulster Farmers' Union is seeking clarification from the transport union in Belfast about the movement of feed for livestock. In some areas, poultry may have to be slaughtered becaus supplies are below normal.

Companies in the meat export trade fear that their business could be permanently damaged because they are unable to ship carcases out of the province. Some dairies are short of cartons for milk.

There is official concern over the difficulties in removing chemicals from the docks for power stations and water treatment works.

Official estimates are that 9,000 people are laid off because of the lorry drivers' strike, and this could rise by 2,000 in a day or two. Several thousand others have returned to work with the ending of the fuel shortage, but, now that the companies affected have resumed production, their reserves of raw materials may be used up quickly.

Soviets' aircraft protest resisted

DR. DAVID OWEN, the Foreign Secretary, indicated yesterday that Britain has sent a firm reply to President Brezhnev's protest about the sale to China of British Harrier jump jet military aircraft.

During Commons question time, Mr. Douglas Hurd, a Conservative foreign affairs spokesman, said he hoped the Government had made it clear to the Russian leader that his representations were unwelcome and would be firmly resisted.

The Foreign Secretary explained that Britain had made clear to Mr. Brezhnev how it saw this issue.

Dr. Owen thought it was reasonable for another country to make its views felt on such a matter. But it was not reasonable for a country to expect to dictate the foreign policy of another government.

"That, obviously, we will not accept."

In this case, he emphasised, what was said in private letters to the Soviet Union was exactly the same as what was said by Ministers in the House of Commons.

Britain would listen to the views of the Soviet Union, but the Russians had to recognise that detente was not just a one-sided contract.

They should look at some of their own actions around the world, particularly in South-east Asia, as well as in Europe.

Dr. Owen gave a sharp reply to Mr. Hugh Jenkins (Lab, Putney), who suggested that, as we were providing Harriers for China, we should also consider selling them to Russia.

The Foreign Secretary told him that Russia was in alliance with the Warsaw Pact, whose objectives were contrary to Britain's national interests.

"We don't sell weapons to those people in organisations which threaten the security of our own country and that of our closest ally."

Smallpox action rejected

By Our Parliamentary Staff

THE Government yesterday ruled out legal action against union leader Mr. Clive Jenkins following the leakage of a secret report on the Birmingham smallpox scandal earlier this month.

Mr. Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staffs, called for a full public enquiry into the smallpox tragedy.

He had previously been given a confidential copy of the Shooter Report, by Mr. David Ennals, Health Secretary, which blamed a lack of co-ordination among various authorities for the leakage of the smallpox virus.

In the Commons yesterday, Sir George Young (C. Ealing), asked Mr. Sam Silkin, Attorney General, to refer the matter to th Director of Public Prosecuions.

Secret diplomacy tactics

BY IVOR OWEN

BRITAIN will pursue a formula for ending the conflict in Rhodesia through secret diplomacy rather than any new public initiative, the Prime Minister told the Commons yesterday.

This followed his announcement that, for the time being at any rate, the proposal to stage an all-party conference in Britain, attended by Mr. Ian Smith and the leaders of the Patriotic Front, had been shelved.

Mr. Callaghan reported that the principal conclusion reached by Mr. Cledwyn Hughes, chairman of the Parliamentary Labour Party—after his mission to Southern Africa during which he saw all the leading figures concerned—was that no good purpose would be served by convening such a conference in the immediate future, since there would be virtually no likelihood of a successful outcome.

"I have decided that I must accept this advice," said the Prime Minister.

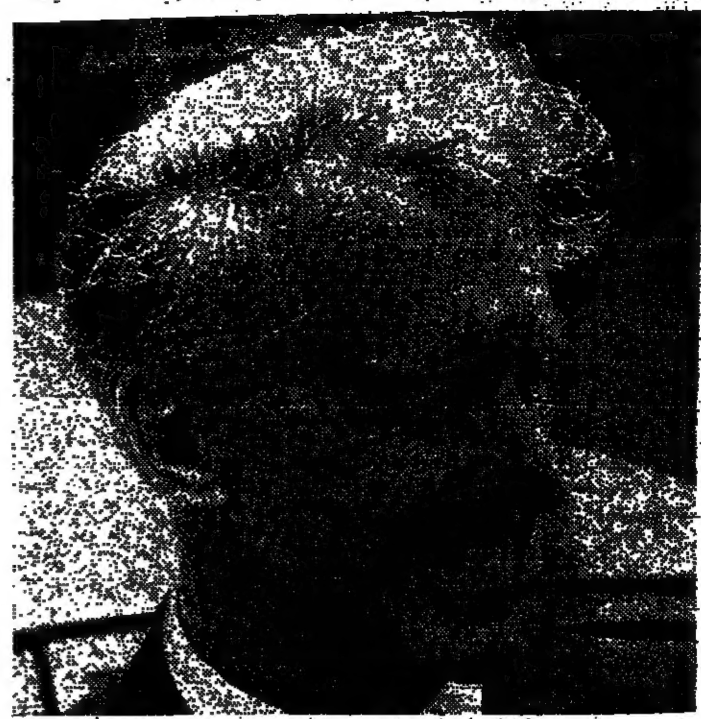
Mr. Callaghan described how the discussions held by Mr. Hughes with the Patriotic Front and with the Executive Council in Salisbury had made it clear that the position of the parties on the key issues were very far apart.

At present, there was no possibility of their moving sufficiently close to each other in the course of negotiations to allow hope that agreement might be reached.

"Mr. Hughes concluded that a conference call now would end in failure, and that this would inhibit any new attempt to promote a settlement for a period of months at least.

"He nevertheless recommended that I should be ready to call a conference at once if developments should indicate a better prospect of success than would be the case today. I accept this advice also."

'There would be virtually no successful likelihood of a successful outcome to a Rhodesian all-party conference'



Mr. Ian Smith, Rhodesia's Prime Minister.

The Prime Minister gave fresh emphasis to the role of secret diplomacy after insisting that the central aim of British policy was to ensure that the parties to the conflict did not reduce the country to a desert.

"The Foreign Secretary," he said, "is probing a number of areas and will continue to do so. We do not intend to just sit and wait for the situation to develop."

While acknowledging the value of the mission undertaken by Mr. Hughes, Mrs. Margaret Thatcher, the Opposition leader, was critical of the Government's continuing insistence that the Anglo-American proposals remained the best basis for a peaceful solution in Rhodesia.

She said that they had been on the table for a long time without getting very far.

This suggested they were not the right proposals and she urged the Government not to regard them as the only basis for negotiations.

Mr. Callaghan assured he that alternatives to the Anglo-American proposals, which President Carter had agreed at the Guadeloupe summit, still offered the best basis for a peaceful solution would be considered.

Any modification, however, would have to be consistent with the implementation of the six principles laid down by successive British governments.

This did not satisfy Tory backbenchers, who cheered Mr. Francis Pym, the shadow foreign secretary, when he protested that the Government's Rhodesia policy was in a vacuum.

He suggested that the elections to be held in Rhodesia in April could satisfy the acceptability test required by the fifth principle, the only one still outstanding.

Mr. Alex Lyon (Lab., York) angered many Tory backbenchers by contending that the reality of the situation was that Mr. Smith had lost his gamble. The internal settlement had failed, and the Patriotic Front would win.

"The majority of people in Rhodesia want it to win," he claimed, amid Tory protests.

Mr. Lyon maintained that the only serious option open to Britain was to make the transition as swift and painless as possible.

Britain and other countries, particularly South Africa, should put every pressure on Mr. Smith to surrender.

The Prime Minister told him: "I take note of your views. The fact that I do not comment on them should not lead you to draw any particular conclusion."

Industrial power formula

BY JOHN HUNT

THE GOVERNMENT should face up to the problem of trade union power and make rules under which unions would bind themselves to honour agreements, Lord Carr of Hadley told the Lords last night.

Lord Carr was the architect of the Industrial Relations Act when he was Employment Secretary in Mr. Heath's Government.

"The present Labour Government has hidden its head in the sand and pretended that the problem of union power will go away," he said. "But now we see that it hasn't, and it has got to be faced."

He was speaking in a debate initiated by Viscount Trenchard on the continuation of conditions unfavourable to the creation of wealth and the recovery of British industry.

"The side effects of imposed incomes policies seem intolerable. But the results of British-style free collective bargaining at present are even more intolerable," he said.

He felt that most main areas of dispute in labour relations could be dealt with on a voluntary basis "with determination and goodwill."

He said that ACAS should be made equally available by law to employers and unions. Secondary picketing should be legally limited and legal privileges should be confined to properly certified unions.

Anti-union hostility alarms Callaghan

BY ELINOR GOODMAN, LOBBY STAFF

THE PRIME Minister yesterday warned Labour MPs that the Tories could be swept to power on a tide of anti-union feeling unless the Labour movement did something to put its own house in order.

In a bid to get the support of Labour backbenchers for a new agreement with the unions, Mr. Callaghan said the unions had an obligation to regulate themselves. The alternative was having change mposed upon them by the Tories.

Certain reforms to trade union practices were essential, he said. Acknowledging the success Mrs. Thatcher was having in exploiting the feelings of hostility towards the unions caused by the present industrial chaos, Mr. Callaghan warned the unions they must operate within the parameters of public opinion.

The party, he said, was not going to be driven into an immediate election but the movement must bear in mind the damage the present industrial situation was doing to its electoral prospects.

The Conservative leader also isolated the role of the trade unions as the country's central problem.

Speaking in a party political broadcast, which was rewritten yesterday to take account of the latest industrial situation, Mrs. Thatcher said that the country faced a threat to its whole way of life.

Some changes to the power of the unions had to be made if Britain was to avoid "not just disruption but anarchy." There could be no solution to the country's difficulties which did not include some restriction on the power of the unions.

The broadcast marked a further development in the Tories policy of switching the focus of attention from pay policy—on which some Conservative shadow cabinet members acknowledged the party is vulnerable—to the whole question of union power.

Repeating many of the points she had made over the last few weeks, Mrs. Thatcher took a leaf out of the Prime Minister's book and took upon herself the mantle of the elder statesman who was more concerned about the national interest than mere party politics.

zShe called for an all-party agreement in Parliament on what she considered to be the three main issues: picketing, the closed shop and the right to strike of workers in essential services.

Mr. Callaghan's appeal to party loyalty came at a meeting of the Parliamentary Labour Party yesterday morning which showed the deep divisions of opinion within the PLP as to how the Government should handle the present situation.

The mood among Labour backbenchers at the moment is distinctly pessimistic, and few seemed to think yesterday that the party's gloomy electoral prospects have been much improved by the Government's latest moves on the pay front.

Argentine visit called off

BY JOHN HUNT

THE VISIT to Britain of Sen. Agosti, Commander-in-Chief of the Argentinian Air Force, has been called off, Mr. Ted Rowlands, Minister of State for Foreign Affairs, told the Commons yesterday.

Sen. Agosti, who is a member of the ruling junta, had intended to make an overseas tour, taking in the UK.

This had caused protests from Labour's Leftwingers who maintained that the main purpose of the visit would be to purchase arms to keep the regime in power.

Mr. Dennis Canavan (Lab., W. Stirlingshire) yesterday asked the Minister for a catagoracila assurance that there would be no visit to Britain from any member of the Argentinian Government.

He said that any arms purchased would be used to perpetuate the "reign of terror" in Argentina.

But Mr. Rowlands could give no such assurance and reminded Mr. Canavan that there was no Government ban on the sale of arms to Argentina.

The Minister did not explain the circumstances in which the visit had been abandoned. He merely told the House: "I have now heard that this tour will not be taking place."

1,500 boat refugees accepted

BRITAIN is to take another 1,500 Vietnamese boat refugees from among those now awaiting resettlement in Hong Kong, Malaysia and Thailand.

They are to be admitted over the next 12 to 15 months, Mr. Merlyn Rees, Home Secretary, said in a Commons written answer yesterday. Mr. Bryan Gould (Lab., Southampton, Test) had asked for a statement on the Government's plans for receiving more Vietnamese refugees.

The decision is in response to urgent appeals by the Hong Kong Government and the UN High Commissioner for Refugees. One thousand of the boat people will come from Hong Kong and 250 each from Malaysia and Thailand.

Malaysia now has 50,000 boat refugees in camps and Thailand has about 3,600. Thailand's total Vietnamese refugee intake, however, is put at about 138,000, most of whom crossed overland from Laos, Cambodia and Vietnam. Hong Kong has 5,400 refugees awaiting resettlement.

The numbers arriving for resettlement in these countries have not kept pace with the departures.

At present, Vietnamese refugees are accepted for resettlement in Britain either because they have some connection with this country or because they have been rescued by a UK-registered ship.

The UK accepted 1,108 refugees between 1975-78 from Vietnam. The latest 1,500 are in addition to those who come under the agreed conditions for entry.

Mr. Rees says the decision does not commit the Government to accepting further groups than those picked up by British ships or those admitted because of their links with Britain.

Reception and subsequent resettlement of the latest refugees will be handled by voluntary refugee organisations.

These include the British Council for Aid to Refugees (which will co-ordinate the work of the voluntary bodies as a whole) and the Ockenden Venture.

Appropriate financial and other assistance will be given to the voluntary organisations by the Goernment.

Urgent consultations will now take place between the voluntary bodies, Government departments, local authorities and other interests about necessary arrangements for this group of refugees.

For practical reasons, it will be necessary to phase the arrival of the refugees, says Mr. Rees' statement.

The detailed schedules for their arrival have yet to be settled, but it is possible that the first group will be able to arrive during March with the rest arriving in the course of the following nine to 12 months.

Reception and resettlement of refugees normally takes the form of three to six months in a reception centre (where they receive initial help and counselling), followed by their resettlement in other areas of the country where suitable accommodation and services are available.

In this latter process, there will be close consultation between the voluntary organisations, local authorities and the other interests concerned.

Mr. Rees' statement says: "The Government has decided that, as part of the wider international effort to cope with the problems caused in South-east Asia by the continuing out-flow of refugees from Vietnam, and in response to appeals by the United Nations High Commissioner for Refugees, it will admit to this country over the next 12-15 months a further 1,500 Vietnamese former 'boat' refugees.

"These refugees will be in addition to any who are already admitted under existing policy. Of the 1,500 refugees, 1,000 will come from those already in Hong Kong awaiting resettlement and the remainder in equal proportions from those in similar situations in Malaysia and Thailand.

"Arrangements for their reception and resettlement will be the responsibility of the voluntary refugee organisations co-ordinated by the British Council for Aid to Refugees—to whom the Government will be giving appropriate fiancial and practical assistance—in consultation with the other interests concerned.

"The Government is very grateful to the voluntary refugee organisations for their willingness to help."

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Vertical windmill now self-starting

THE MUSGROVE tilting blade vertical-axis wind-turbine is no longer an academic exercise at Reading University but an NRDC-backed project moving into the market-place.

In a year's time production models should be on their way from P.I. Specialist Engineers of Alresford to remote or rural sites round the world, ready for such duties as irrigation pumping.

Meanwhile, in Britain, a consortium comprising British Aerospace, Taylor Woodrow and Reading University is doing a detailed design study of the Musgrave principle for electrical power generation.

Wind turbines revolving around a vertical axis are a significant alternative to the traditional "Dutch windmill" configuration, in which radial blades rotate on a nearly horizontal shaft at the top of a tall tower. Vertical-axis turbines do not need very tall towers, and therefore they couple more comfortably with the machinery they drive at ground level. The towers they do need are not only less lofty than those of comparable horizontal-axis machines but simpler, much less substantial, and accordingly cheaper.

However, the modish style of vertical-axis machine is the Darrieus, a French invention of half a century ago, revived in recent years by Raj Rangi and Peter Smith of the Canadian National Research Council, and this has its troubles.

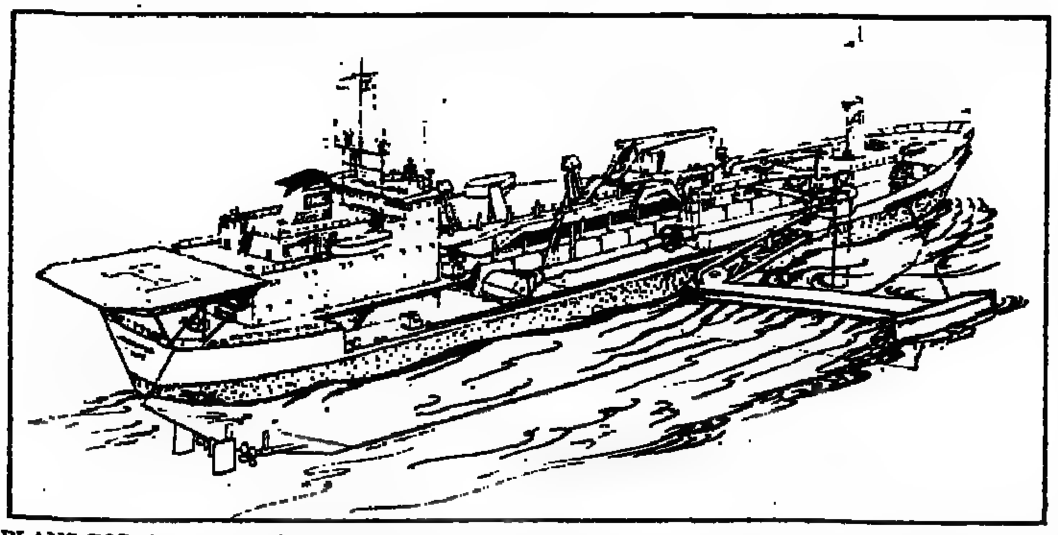
Darrieus turbines suffer at the bottom end of the wind-speed range by not being self-starting and at the top end by not being self-limiting — their blades cannot be turned edge-on to excessive winds, as on horizontal-axis machines.

Dr. Peter Musgrove of Reading University got away from the high speed problem by putting straight vertical blades at the tips of horizontal spokes radiating from the vertical shaft. These blades are hinged, so that when the rotational speed gets too high they can lean outwards under centrifugal force. Thus the bending regime becomes less oppressive, and the heightened tension is structurally easier to accommodate. Also, the effective angle of attack of the areofoils is reduced, as is desirable in more powerful winds.

Although the simple two-bladed Reading machine as originally tested gets over the furling problem, it is like the Darrieus in not being self-starting: it may start oscillating instead of revolving.

Dr. Musgrove has recently overcome this problem after a closer look at the aerodynamics. It turns out that self-starting is possible with very little complication. All that is necessary is an extra blade or two and a change in aspect ratio. In other words, the blades are made shorter in relation to their chord (or width). So the commercial machines are likely to be three- or four-bladers with "butter-pat" blades.

P.I. Specialist Engineers, Alresford, Hampshire, or Dr. Peter Musgrove, University of Reading, Whiteknights, Reading, Berkshire, RG6 2AH. Tel: 0734 85123.



PLANS FOR the construction of a combined dredging and oil spillage clearance vessel have been announced by IHC Holland NV. Expected cost is between Fl 140m and Fl 45m (over £10m). The vessel is expected to go into service early in 1980.

To obtain an impression of the vessel says IHC (PO Box 6141, 2 Marconistraat, Rotterdam), one must imagine a trailing-suction hopper dredger with a hopper capacity of about 5,000 cubic metres. Under normal operations its role will be to maintain the depth of navigational channels along the Dutch coast, but in the event of a big oil spillage it will stop dredging immediately, empty its hopper then and there, or while steaming on its way to the spillage area.

Experts appointed to deal with the situation will be flown out to the vessel by helicopter. While the vessel is on its way the crew will position specially designed collector "arms" for removing the oil. Each sweep of these arms will clear a 50-yard wide stretch of water.

The oil will be conveyed to port and starboard collectors from which pumps will transport it to a hopper. The oil will then be separated from the water by centrifuges and either stored in tanks on board or transferred to a tanker travelling alongside. By this method very large spillages could be dealt with, it is claimed.

● COMMUNICATIONS

Light carries the signal

POST OFFICE has confirmed its confidence in the use of opto couplers in the telecommunications network with the award of the first full approval certificate to General Electric (U.S.). These devices interpose a light beam and a layer of glass in a signal path.

The company's H11A opto coupler manufactured in its European semiconductor plant at Dundalk, Ireland, will now be used in growing numbers: both for switching and transmission duties, replacing relays.

Approval is the culmination of extensive evaluation tests at the Post Office's Research Laboratories. This was followed by an assessment of the Dundalk quality control and manufacturing facilities. Quality approval tests and the establishment of product release procedures conforming to the PO requirements were carried out by GE at Dundalk.

This plant is qualified to CECC Specifications (Cenelec Electronic Components Committee)—the European equivalent of BS9000.

It is expected that the H11A production line will also meet the new CECC Specifications as soon as they are finalised.

The H11A opto coupler is a six pin dual-in-line packaged device of unique construction using a gallium arsenide light emitting diode electrically isolated from the transistor by an ion-free glass layer. The plastic-encapsulated device meets all the quality assurance release procedures specified by the P.O.

Further information from International General Electric Company of New York, Park Lorne, 11 Park Road, London NW8 7JL. (01-402 4100.)

● IN THE OFFICE

Plain paper copier

LATEST Nashua plain paper copier, the 1240 DAD, is used with different masks which are produced to suit the various document needs in export paper work, for example.

Typically a form may have to be duplicated as separate versions each including or omitting different items for mailing to various destinations.

The original sheet is placed against the i nside of the platen cover where it is retained by vacuum suction, while the relevant masks are positioned on the copier in the normal way—each mask selecting the needed section of the original and whiting out the rest.

More from Cory House, Bracknell, Berkshire (0344 54391).

● SERVICES

Reducing the phone bills

USERS OF telephones, telex and data transmitting systems do not always know whether they are getting the best possible deal.

This is the main conclusion of Industrial Energy Costs (Telecommunications) following a study of telephone operations which it claims covered about 30,000 industrial and commercial locations.

The company says it has found that users do not know whether it is cheaper to buy or rent telecommunications equipment, whether the equipment in use is the most efficient and least expensive or whether overcharges are being made through meter faults or errors in calculation and billing.

The company reckons its advice would be useful to organisations spending £7,000 a year upwards on telephones and associated equipment. Initial fees for the service range from £300 to £6,000.

These fees contribute to the cost of surveying plants and offices, etc., and concurrent examination of relevant invoices, a study of switchboard operation, of methods of making long distance calls and of ways and means of cutting the numbers of calls made and the time spent on them.

Monitoring and analysis is carried out over a 5-year period and once cost cutting recommendations are implemented, the client shares the financial savings with Industrial Energy Costs. The company's headquarters are at Vulcan House, Orchard Road, Lytham St. Annes, Lancs. FY8 1PF (0253 728951).

● MATERIALS

Makes a strong bond

TWO-PART flexible synthetic resin adhesive which cures rapidly to handling strength and provides high impact and vibration resistance, has been introduced by the adhesives, coatings and sealers group of 3M United Kingdom, primarily for use in structural bonding applications involving rigid plastic substrates.

Scotchweld structural adhesive 3532 B/A is a two component product that cures at room temperature or with heat to form a tough, impact-resistant structural bond. Its formulation ensures strong adhesion to most rigid plastics as well as many primed or painted metals. It is, therefore, ideally suited for plastic-to-plastic and plastic-to-metal structural bonding applications.

Ultimate shear strength can be as high as 2250 psi at room temperatures for a plastic-to-metal bond, depending on the materials being bonded.

A benefit of this adhesive is its ability to cure handling strength far more rapidly than most epoxy adhesives, thereby speeding up production and assembly operations. At room temperatures the adhesive will cure to 400 psi in about three hours; at 48°C (120°F) the same handling strength is reached in about 20 minutes; at 82°C (180°F), it takes only five minutes.

Scotchweld adhesive 3532 B/A is solvent-free, eliminating the dangers of flammability. Being 100 per cent non-volatile it will not shrink on curing.

Adhesives, Coatings and Sealers Group, 3M United Kingdom Ltd., 3M House, PO Box 1, Bracknell, Berkshire. RG12 1JU. 0344 26726.

Castings take the strain

TENSIONING BRACKETS for motorway barriers, made from a special grade of spheroidal graphite iron castings, developed by Chilwell Foundries of Nottingham, have been approved by the Department of Transport for use on all motorways and trunk roads in the UK.

Specifications laid down by the Department of Transport require a high degree of tensile strength, to accommodate the continuous stress under which the brackets are placed, as well as resistance to corrosion.

Spheroidal graphite iron has greater structural integrity than is possible with steel at the same cost, says Chilwell, one of the UK's leading producers of special grades of ductile iron. Also spheroidal has more strength and durability than is possible with fabrications.

Four tensioning brackets are used at each tensioning joint. These are located at 70 metre intervals along the crash barriers.

The grade of SG iron developed by Chilwell and tested at the Transport and Road Research Laboratory gives 35 ton tensile strength with 10 per cent elongation.

Chilwell Founderies, Beeston, Nottingham.

● LICENCING

Trade link with China

AN AGREEMENT for the licenced manufacture of fluid couplings in China has been made between Fluidrive Engineering of Isleworth, Middlesex, and the Chinese National Technical Import Corporation.

Initially the couplings produced will cover the 500 to 3,000kW range and be used to provide variable speed drives for pumps and fans in refineries; power stations and steel works. A factory is being established to produce the Fluidrive products andi ti s intended to start production of the first couplings within two years.

Compressors come from Denmark

B.I.F. (British Industrial Fastenings), manufacturer and distributor of machine-dispensed industrial fastening systems and member of the international Ofrex Group, has concluded arrangements with Danish compressor manufacturer F.F. Luft A.S. for the sole distribution and after-sales service of the Danish company's compressors in the U.K.

The compressor range now marketed under the BIF Air FF trade mark incorporates several features such as direct drive, which eliminates the need for flywheels, belt drive and safety guards.

Specially designed stainless steel concentric valving devices ensure cool air is driven into the centre of the cylinder thus benefiting from low temperature operations and with Health and Safety at Work in mind the units operate at 68-72DB(A) at only 1 metre distance.

Model BIF LS1-40-DD with a maximum working pressure of 140 psi (10 Bar) is available "off the shelf" from B.I.F. British Industrial Fastenings, Gatehouse Road, Aylesbury, Bucks. 0296 81341.

Captures more heat from sun

ONE OF the products to be demonstrated at the Energy Show (NEC, Birmingham, February 17/24) is something that, on the face of it, appears simplicity itself, namely, co-extruded tubing to be used in heat-capture devices.

However, the tubing—Solartube—has an external transparent sleeve around an inner black tube formed with longitudinal finning which spaces the central water-carrying tube away from the outer walls, reducing conduction loss.

The structure thus is outer tube, air gap, inner tube, the air gap minimising heat loss by radiation.

Made of ICI's Welvic pvc, the Solartube is extremely simple to apply, comes in lengths of 76 metres and can be wound into practically any shape of collector a user might desire. For maximum efficiency it would be installed with a reflector, but many users would undoubtedly be prepared to sacrifice some efficiency for the ease with which this h eat collector can be installed and connected.

Williams (Energy Services) which is promoting Solartube, will also be showing an integrated, factory assembled solar package which needs just two connections in domestic or commercial premises to function. The pump is integral with the package, which is offered at low cost.

This company can provide an installation tailoring service as well as a package-installation service.

Further from J. Williams (Energy Services), The Furlong, Berry Hill Industrial Estate, Droitwich, Worcs WR9 9AJ. 090 57 3701.

● PROCESSES

Italian project in Mexico

SNAMPROGETTI, the engineering arm of the ENI Group (National Hydrocarbons Agency of Italy) has been awarded a contract to supply another 1,500 t/d urea plant based on its own urea process, at Pajaitos, Mexico, by Fertilizantes Mexicanos S.A.

The work will include the licence, basic engineering, foreign procurement and supervision for construction and start-up.

The new plant is the third which Snamprogetti will supply to Mexico: the first, at Minatitlan, is of 750 t/d production and the second at Pajaitos is of 1,500 t/d.

Total capacity of the three plants will assure a urea production of over 1.2m t/yr for Fertilizantes Mexicanos S.A.

● HAND TOOLS

Bright idea in the home

A NEW hand tool to be put on the market in the near future is expected to penetrate very rapidly into the domestic and DIY markets and to find rapid acceptance in many industries, displacing a unit of which most householders have several.

The inventors are not prepared to release details of the unit, which uses an idea applied medically to solve a perennial problem, prior to launching in February.

Brainchild of Gerald Cooper of the Cooperchem Company, final design, tooling and manufacture of it has been undertaken by two major UK manufacturing companies. Independent market assessments range from 20m to as many as 60m units over the next few years.

Samples are being made for the launch at the moment and UK television advertising budgets for 1979 have been fixed at £300,000, the account being with Norman, Craig and Kummel.

Sales agencies are under negotiation with sources in the U.S., Canada, South America, Germany, France and Holland.

Because of the rapid growth expected in sales and the heavy demand on manufacturing capacity that would ensue, a third UK company may be drawn into the project and negotiations to this end are in progress.

Cooperchem Company, Norwich House, 13 Southampton Place, London WC1A 2AY. 01-242 6344.

THE MARKETING SCENE

EDITED BY MICHAEL THOMPSON-NOEL

Wasey wins Life Savers; Hertz Europe spends $6m

McCANN-ERICKSON is not the only Interpublic agency prospering in London. Wasey Campbell-Ewald, part of the same stable, has added on the Life Savers account, expected to be worth at least £800,000. The U.S. confectionery giant hopes its Bubble Yum brand will have taken 40 per cent of a UK bubble gum market worth £30m by the end of the year.

"It's nice to be back in the confectionery area," says Wasey chairman Colin Goodson. The agency used to handle Trebor. Wasey's current billings are running at £32m.

● **HERTZ EUROPE** has signed ex-motor racing champion Jackie Stewart to be the car rental company's "advertising spokesman" in the U.K. and major Continental markets this year. New Hertz testimonial ads will appear in top business print media and national newspapers, as well as the in-flight magazines of all major European airlines. The agency is Ted Bates. Hertz Europe's total marketing investment this year is expected to total $6m. including $2m-plus for advertising.

● **BRYANT AND MAY**, claiming a 62 per cent share of the £52m match market, is starting a £90,000 consumer and trade Press campaign on February 11. The campaign is the result of a joint promotion being staged by B and M and Ladbroke in which matchbox backs will be worth a 20p stake in the new Ladbroke Spotball contest. B and M spent £800,000 on media advertising alone last year.

● **DON ARLETT** has been appointed deputy creative director and Michael Baulk deputy managing director at OBM.

● **ADIDAS**, stepping up its UK marketing, has appointed its first UK agency: Connell, May and Steavenson. Expected budget: £250,000-plus.

WHAT THIS delightful lady has to do with Colman Foods' new Sunny Sauce is not immediately clear, but she's a cheerful distraction in the encircling gloom. Sold under the Mellor's name, Colman hopes the brand will stir things up in the £14m brown sauce market, which is "very staid," says Colman.

Sunny Sauce is in a different sector to Colman's OK range. The promotional strategy will seek to ensure that Sunny Sauce retails at around 13½p for the 6¼ oz size, 29p for the 22 oz size. Colman is confident the launch prices will be held until 1980.

● **CIA**, the independent media specialist, says last-quarter billings gains of £1.7m have taken the total to £6.5m. New clients include BBC Records, Caters Supermarkets and Foods Halls (part of Debenhams), Harman Audio, Quinton Hazell and two divisions of Rio Tinto Zinc. CIA recently moved from Covent Garden to 239/241 Shaftesbury Avenue.

● **THE CREATIVE BUSINESS** staff total has reached 40 with the appointment of two new account managers, Elaine Dayan and Vincent Swift, a new financial controller, Peter Mulvey, and two new production assistants, Jane Evans and Denise Barsham.

● **CUTLER-HAMMER**, the Beds.-based motor control gear manufacturer, has appointed Key Services of Thame to handle all PR and advertising. The company plans a £250,000 campaign this year to launch various new products.

● **PETER MEARS** has joined the Board of ATV Network as director of sales.

● **PROPOSED LEGISLATION** on bargain offer claims has been sharply criticised by the Institute of Practitioners in Advertising. The legislation would ban all claims that a retailer's price is less than a manufacturer's recommended, suggested or maximum retail price, and would prohibit certain other price comparisons. The IPA claims there is "absolutely no consumer justification" for the proposals. It says they would tend to raise prices and pose difficulties of enforcement. It maintains that the majority of shoppers approve of dual pricing, and that its elimination would necessitate other, more expensive, promotional devices.

● **IN THE U.S.**, Genesco, Lily of France, Maidenform, Olga Co. and Warnaco Inc. are among companies rushing to introduce new jogging bras, reports Advertising Age, monitoring latest developments in the jogging craze. Warnaco's new athletic bra reportedly is designed for "weekend sportswomen, but not for marathon runners."

'Safer' smoke aims for $160m

MUTTER THE magic words tobacco substitute and tobacco marketeers, even today, jump half a storey, so bitter are their memories of that defintive fiasco, the attempt to launch cigarettes containing tobacco substitutes in Britain, writes **Michael Thompson-Noel.**

In the space of a few short months, 20 years' R and D, to say nothing of millions worth of investment in new plant and a free-spending advertising campaign, disappeared in smoke—a debacle etched on such a scale that business historians will come to accord it the same reverence they accord the Ford Edsel.

But the tobacco companies may soon find themselves propelled once more in to the hectic search for a safer cigarette, for in the U.S., non-

Non-tobacco brands, as well as low-tar brands like B & H Lights, are making themselves felt in the $16bn U.S. cigarette market.

tobacco cigarettes, made from substances that range from cocoa beans to marigold leaves, are entering national distribution, backed by campaigns describing them as being free of noxious substances like nicotine.

The manufacturer of one brand, Free, calls its product a "revolutionary scientific breakthrough, representing the most significant advance ever made toward producing a truly satisfying tobacco-free smoke for millions of Americans." Free is made from the outer layer of cocoa beans.

U.S. tobacco makers say that tobacco-free cigarettes are absolved from state tobacco taxes. Nor are the makers obliged to print the standard Federal Trade Commission health warning in ads or on packs. They are also free to advertise the products on radio and TV, they say.

The obvious disadvantage of the products is that they seldom taste as good as tobacco-made cigarettes: a tobacco-free cigarette made from lettuce leaves, produced by Bravo Inc. of Texas, flopped several years ago because smokers disliked its aroma.

International Brands says its Free brand is aimed primarily at those who want to stop smoking regular cigarettes or those who otherwise wouldn't smoke at all. The brand was test marketed in California for 12 months and introduced nationally late last year. Initial sales are said to be "exciting." The company is making 1m cocoa-bean cigarettes a day and hopes the brand will capture around 1 per cent of the U.S. cigarette market within three years. That would be worth $160m at current sales rates.

Some observers rate the brand's chances of success as low. "It tastes awful," says one. "I don't think it has a chance of succeeding."

Other non-tobacco cigarettes (some imported from Britain) are made from substances that include coltsfoot, yarrow, clover and ginseng roots.

It is unclear whether the tobacco major themselves plan to enter the non-tobacco fray. A spokesman for Philip Morris says the company is not much interested in cigarettes that don't contain tobacco. R. J. Reynolds holds patents to manufacture cigarettes from cereal grains, but has made no move to date.

Star sales now 485,000, says Mirror Group

MIRROR GROUP Newspapers says its latest Gallup Poll check, conducted on Tuesday, January 9, indicates a current total net sale of Express Newspapers' new daily, the Daily Star, of 485,000. This includes an estimated sale of 40,000 in Eire and Northern Ireland. The total for England and Wales, 445,000, represents an 11 per cent drop from 502,000 on the last Gallup audit on November 28, says Mirror Group.

According to Derek Rogers, MGN's circulation sales director: "The survey seems to suggest that a very large percentage of the Star's sale is coming from established titles. The new market that was so confidently predicted doesn't seem to have materialised."

Industrial advertising is managing to shed its status as a poor relation of marketing. Report by MICHAEL THOMPSON-NOEL

A shout for Cinderella

AS THE MAN once said, if a million quarter-inch drills are sold they are sold not because people want quarter-inch drills but because they want quarter-inch holes. The concept of product augmentation—that people don't buy products: they buy the expectation of benefits—is just as applicable in industrial markets as in the case of mass consumer goods; possibly more so, though you wouldn't always guess it.

As Theodore Levitt said, whether the product is cold-rolled steel or hot cross buns, accountancy or cosmetics, competitive effectiveness increasingly demands that the successful seller offer more than the product itself; he must provide *a total proposition, the content* of which exceeds what comes out at the end of the assembly line.

A London agency that has made something of a speciality of industrial advertising is Davidson Pearce Berry and Spottiswoode, whose industrial clients are BP Chemiacsl, the British Aerospace Aircraft Group, Colt International, D. D. Lamson, Lansing and C. W. Pittard. The fee total of these accounts expressed as a billings equivalent is not large—£1.5m, or 3.4 per cent of total DPBS billings (a la MEAL) of £21m.

But then industrial advertising is invariably aimed at a highly specialised audience. Media expenditure is correspondingly modest: £50,000 to £300,000, say, compared with the £1m-plus often required in the consumer and packaged goods field.

According to the agency's Sydney Bushill: "Industrial advertising is the Cinderella of the business. Agencies have invariably put their biggest efforts behind consumer accounts, partly because industrial companies have too often been able to secure their businesses without relying too much on marketing skills.

"That is changing. Companies are increasingly finding that their products are largely similar to those of their competitors. They are no longer able to rely only on product development. Major changes in fork lift truck design and manfacture, for example, now require an extraordinarily large investment."

According to Mr. Bushill, advertising is uniquely placed to spearhead an industrial market attack. "It is no longer any good agencies putting up second- or third-rank teams to service industrial accounts; they must field front-rank research and creative teams."

He says he is not underselling the role of the trade exhibition. "But now that most industrial companies can no longer sustain sales and expansion through sheer product improvement, they cannot afford to ignore the continuity and reinforcement that an advertising campaign offers.

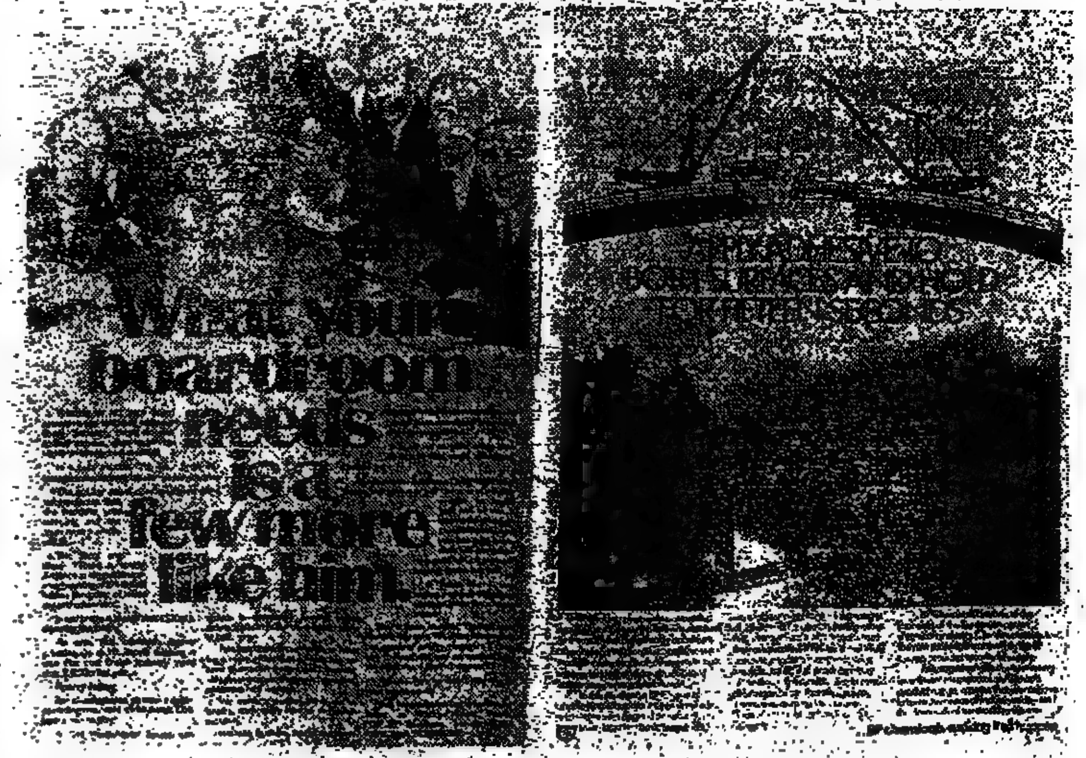
"The advertising is totally controllable and extremely cost-effective. There is no way an industrial sales force can achieve the same impact. Moreover, the advertising becomes the public face of the company. The ads themselves become the best-known reference point for the rest of the marketing effort. The sales force is often very well informed technically, but it needs to be reminded of the company's public selling stance."

Naturally, Mr. Bushill and his agency have a vested interest in plugging the benefits of advertising. But they practice what they preach.

Some of their best known work in the industrial field is that produced for Colt International. "Over the last ten years, Colt has taken the attitude not that it's selling heating and ventilation equipment but that it's selling the benefits of good working conditions, better labour relations and higher productivity."

The latest Colt ad shows a Boardroom of Tony Benns, simply because in recent months the Energy Secretary has brought "alarming facts" to industry's attention such as the claim that an energy saving of 10 per cent would chisel £500m off industry's costs. From there, the ad goes on to stress the benefits (and tax advantages) of Colt's Wastemaster heating system.

Industrial advertising may still be a Cinderella. But then even Cinderella eventually reached the ball.



Two of DPBS's recent industrial ads: Left: a Boardroom of Tony Benns for Colt International. Right: BP Chemicals

Cooney Marsh woos corporate cash

BY ANTONY THORNCROFT

CAPITAL RADIO has taken a half share in Oh Boy!, a series of concerts of the rock hits of the '50s and '60s, to be performed twice every Sunday at the Astoria Theatre from January 28 for four weeks. This might seem an obvious marriage of convenience, especially as Capital is recording one of the concerts for transmission and can advertise the events persistently to ensure that its £12,500 investment will at least be recouped and maybe show a profit.

It is also good experience for Capital, which recently bought the Duke of York's Theatre and is interested in developing it both as a commercial and an artistic accessory to the station. EMI has also been involved with the Oh Boy! production. Since it could boost sales of its album of the original TV show, it has coughed up cash for the advertising posters.

But the connection has much greater implications. Cooney March Theatres, who own the Astoria and are producing Oh Boy!, are actively looking for commercial sponsors to back all their theatrical ventures. If Oh Boy! is a success it could well become a nightly show at another theatre, and there is still at least a 25 per cent share at around £6,250 available for an adventurous company.

Brian Rix, a director of Cooney Marsh, believes that the day of the private angel is drawing to a close. Theatrical managements favour companies that can guarantee a relatively long-term commitment over two years, say, covering five or six plays, taking the hits with the possible failures. As well as guaranteeing marketing expertise, big companies can also try to advertise a show over a difficult start.

It could be a single company sponsorship, or taking a percentage, and the management is quite prepared to co-operate over advertising, hospitality, and other side benefits. The advantage for a company is that this form of promotion need not cost any money: it could be a profitable investment. Cooney Marsh, for example, has just acquired the rights to Chicago, the Broadway musical which has been shunned by London impressarios, but which opened to good reviews in Sheffield.

Unfortunately the past experience of companies including plays in their marketing sponsorship of the arts has been checkered. Mate, backed by Imperial Tobacco, was a recent ill-fated venture at the Comedy Theatre, and past investments have rarely recouped their cost. But it is a big step forward when an established theatrical company, which also owns West End theatres, nails its future very much to corporate cash.


The Carlton

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THE JOBS COLUMN

Go international, young manager

BY MICHAEL DIXON

IT HAS cost the Jobs Column much starch for the upper lip to begin its seventh new year in the normal way by previewing employment-market prospects for managers and specialist workers.

Although now more international in scope than it was before, the column cannot help being affected by what is going on in the immediate vicinity. And as readers may have noticed, the United Kingdom's industrial strategy seems to be at the stage, fairly common on historic battlefields, where some parts of the army have turned round to fight the wrong way while others have decided to take a spot of leave so as to plunder the neighbouring citizenry.

In the circumstances it seemed likely that only superfluous gloom could result from my buttonholing leading recruiters and employers and asking how they thought demand for managerial types would fare during the rest of 1979.

As it turned out, my decision to stick dutifully to previous years' practice was well worthwhile. All I have talked to during the past few days have proved unexpectedly optimistic.

Some of them, in my view, were pushing their optimism about UK prospects a bit too far. These were people who, evidently agreeing with certain politicians of both parties that the current labour troubles differ fundamentally from those of 1974, feel that a spreading of industrial strife would probably be a blessing in disguise. Believing that the trades union movement is now more divided than it was five years ago, and that there has been a strong upsurge of moderate opinion among the public, they feel that the effect of even a general strike would be to bring union members, and thereby their official representatives, "to their senses."

The majority of my sample of about two dozen recruitment consultants and managers, however, were perhaps less recklessly optimistic.

Settle down

"My bet would be on a March election and a counter-inflationary Budget soon afterwards," said one of them, "with the result that the present turmoil would settle down. On that kind of reckoning, which I'm sure isn't exclusive to me, I doubt that companies even in the UK are going to cut back much on recruitment of senior managers with salaries of — say — £15,000 upwards, or on their intakes of managerial trainees from higher education."

That view, echoed by several more of the sample, will please the two pressure groups for the employment of graduates—the careers officers who earn their living by selling the products of universities and polytechnics, and the personnel officers employed specifically to recruit graduates. The two jointly forecast yesterday that an increase of 10 per cent to about 50,000 this year in higher education's output of people seeking jobs in the UK would be outmatched by a 15 per cent increase in the overall demand for their services.

I doubt whether, given a counter-inflationary Budget before employers need to make offers of jobs to this year's graduates, the pressure groups will prove justified in expecting a continued rise in recruitment by the civil and other public services. But since private-sector concerns have lately been engaging four graduates for every one employed by public organisations, yesterday's bullish forecast could well come largely true.

Even so, one thing on which all my sample of recruiters and employers were agreed, was that in 1979 candidates' "track records" will be more important than ever before. In the case of people leaving higher education, there will be increased emphasis on the apparent economic relevance of subjects (of the expected graduate output of 49,000, between 29,000 and 30,000 seem likely to be able to plead relevance), and on demonstrable success during the period of study, not only in academic examinations. In the case of candidates for senior managerial jobs, the market will put increased value on hard evidence of professional skills, including the ability to anticipate and so cope with economic changes, and often an awareness of the real conditions of business in overseas countries. It was thought that the same would apply to candidates for high-level posts in almost all capitalist economies.

My advisers were less generally optimistic, however, in their expectations of demand for people placed between the senior ranks and the incoming trainees. With certain exceptions such as accountants, engineers and other technical specialists, middle managers in most countries were expected to find a static market, and in the UK an occasionally sparse one.

"On past experience, middle management seems to be almost a natural victim of the kind of uncertainty I think is inevitably going to be around in Britain for a good time to come," said another leading consultant. "Unlike intakes of new recruits which now tend to be planned well ahead, and needs for senior people which are obvious to top executives, vacancies for the middle managers seem to get forgotten when there's crisis to be coped with.

"I would not expect there to be a repetition of the slaughters of the middle-aged middle rankers which happened in the UK around 1971 and 1975," came a further typical comment. "I suspect that most of the managerial fat has been shed by now. But I feel that the demand for the old kind of middle executive can't do anything else but decline almost throughout the world.

"The pity is that the old middle rankers' mentality goes on being so widespread. You know, the belief that the ancient virtues of loyalty and adequate performance should entitle you to a job for life, and probably in the same organisation, too. I daresay that it is an attitude which still prevails in the bulk of managers and, for that matter, in most students.

Impoverished

"There's only one thing that I think is certain for people who carry on seeking employment on that basis. It's that they will make up the impoverished classes of the future."

The best way for people to avoid that fate, most of the two dozen believed, was to "internationalise" themselves. While vacancies in the Middle East were expected to become restricted more and more to technical and financial specialists, various recruiters felt that determined and capable international business men need not want for opportunities. Some entrepreneurial Westerners were already profiting from growing trade between the Far and Middle East, said one. Another thought there would be good prospects before long for people equipped to set up companies in Spain. A third expected an increasing demand in Europe for managers who, as well as being fluent in English, French and German, were fully conversant with the other aspects of different countries' cultures.

But, a fourth adviser added, "internationalising oneself" offered improved prospects mostly to managers who were unlikely to spend more than a small part of their career working overseas.

"It may be conventional wisdom that the different nations' growing dependence on overseas trade will place an increasing value on staff who are capable of understanding what a company's foreign contacts think—which isn't always clear from what they seem to say, however fluently they speak English. But I think it is true wisdom. And that is not the only point.

"Just think about international legislation. We've all seen the way that regulations like the Employment Protection Act and so on have expanded job prospects for personnel specialists. Well, bear that in mind in the context of the sort of legislation that's now being brewed up in the EEC in Brussels. Before very long, I doubt that there'll be many businesses even in good old insular Britain that aren't crying out for people international enough to cope with EEC regulations."

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new beautility

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Reporting directly to the Chief Executive of the Beautility Division of Bowater U.K. Limited, he/she will assume overall responsibility for the existing financial departments at each site with a functional link to the group finance department.

Candidates must be qualified accountants with not less than 5 years' practical experience in a commercial manufacturing environment preferably in consumer products as a Chief Accountant or Deputy. The Company operates an ICL 2903 computer and candidates should be able to demonstrate competence in this area.

The appointment will carry an attractive salary together with Company car, BUPA, Company pension scheme and other fringe benefits including appropriate relocation costs.

Would you please write to:—
Richard Holt, Beautility Ltd., Angel Road, Edmonton, London N18 3AB

providing full details of your career and your qualifications. If you would like us to send an application form please contact Miss Mavis Lilley on 01-807 3040.

Fairchild Camera and Instrument Corporation is a diversified international company, which develops, manufactures and markets electronic components and test systems for consumer, computer, industrial and government markets. As pioneers in volume production of solid state semiconductor components and sophisticated test equipment "we started it all" and remain one of the leaders in these fields. Headquartered in Mountain View, California, the company has manufacturing plants in the U.S. as well as six other countries, plus a world-wide marketing and distribution network. Fairchild is expanding rapidly in Europe through internal growth as well as acquisitions and joint ventures. This development has created a continuing need for intelligent, resourceful and forward-thinking financial personnel. Currently we require:

Group/Project Controllers

£12,000-£16,000+car

We are seeking qualified accountants (CA, ACA, ACCA) and/or MBAs, aged 30-45, with significant financial background who possess wide-ranging controller or equivalent experience in the electronic component or systems fields. Previous experience in the multinational business environment will be most beneficial. One of the Controller positions will be in the group having responsibility for sales and service of Fairchild's sophisticated electronic test systems throughout Europe and be based south-west of London. Other positions will be of a project financial management nature, such as joint ventures. These positions will initially be based at our European headquarters in North London but may involve future relocation. REF. GPC.

Manager Financial Analysis, Europe

£12,000-£14,000 + car Based N. London

A qualified accountant, aged 28-40, male or female, is required for this appointment. We need someone with a strong financial analysis and EDP background. Here the key tasks will be to co-ordinate all European financial EDP systems development, to analyse monthly operating results and supervise the preparation of summary reports, forecasts and recommendations, plus an extensive range of regular and ad hoc financial analysis work. The selected candidate will supervise an analytical staff of four. There is an opportunity for travel to Europe and the States. REF. MFA.

Financial Analyst

£7,000-£9,000 Based North London

As one of a team of 4 analysts reporting to the Manager, Financial Analysis, we require a qualified accountant with at least 4 years demanding post-qualification experience gained both within the profession and industry. Responsibilities include monthly financial analysis and involvement on systems development, plus special projects in UK and on the Continent of Europe. REF. FA.

The rapidly expanding market for our products and our pre-eminent position in the electronics industry provide unique growth opportunities for aggressive career-oriented professionals. The 'chip revolution' is here. This is your chance to join the leader.

In addition to the competitive salaries set forth above we provide an attractive fringe benefits package.

If you are interested in any of these specific vacancies or would like to discuss generally the opportunities for career development within Fairchild, please reply with full C.V. in the first instance to: Christopher Mill, 57 Queen's Gate Mews, London SW7 5QW. 01-584 8805.

FAIRCHILD
CAMERA AND INSTRUMENT CORPORATION

MANAGER Internal Audit BASED IN LONDON

The SmithKline Corporation is an expanding multi-national Pharmaceutical Company with headquarters in Philadelphia, U.S.A. An outstanding opportunity has arisen for a highly experienced and imaginative Manager – Internal Audit, to cover Continental Europe and the U.K. Based in London, he or she will be responsible to the Director of Internal Audit in Philadelphia, for the direction and administration of a comprehensive internal audit programme covering these areas. It is envisaged that up to 50% of his/her time will be spent abroad with most weekends at home.

The successful candidate will be a chartered accountant with a strong personality, keen business sense and fluency in either French or German. Although no age limit is being specified it is expected that the appointee would be in the age bracket 34–40. Experience in the internal audit field would be desirable, although candidates whose experience has hitherto been confined to the Profession will also be considered.

The Company, highly rated as a progressive employer, offers an attractive salary and bonus plan, excellent benefit package including company car, and generous relocation assistance where applicable. Short listed candidates will be interviewed in London.

Please AIRMAIL full career details and salary requirements to:
Mr. W.E. Kulesh, Senior Employment Administration,
SMITHKLINE CORPORATION,
1550 Spring Garden Street,
P.O. Box 7929,
Philadelphia,
Pennsylvania, 19101, U.S.A.

SmithKline

Director of Finance

Salary Range £11,796—£13,143

The Housing Executive is the central housing authority for Northern Ireland with a stock of nearly 200,000 dwellings and an annual capital and revenue budget exceeding £300 million. The Government is committed to giving a high priority to the solution of the Province's housing problems.

The professional management team of the Housing Executive is headed by the Director General, supported by Directors of Finance, Development, Housing Management and Administration. The present Director of Finance is leaving to take up another senior position and applications are now invited for the vacant post. The successful candidate will be responsible for the accounts of the Executive and for financial management and financial policy including borrowing. He/she will also be involved in re-organisation of the management structure of the Executive which is now under way.

Candidates will have relevant management experience at senior level in a large organisation and will have appropriate professional qualifications.

An Application Form and job specification may be obtained, in confidence, from Mr Robert Spence, Director General, Northern Ireland Housing Executive, 1 College Square East, Belfast, BT1 6BQ to whom they should be returned not later than 9th February, 1979.

Housing Executive

Systems analysts

International Bank

The International Banking Division Operations group of Morgan Guaranty has responsibility for several computer projects in Europe, one of which is the development of systems for the bank's European Investment Operation based in London, Paris and Zurich.

The current system support for the Investment Operation includes Data General equipment in the London and Zurich offices as well as time sharing applications in London. It is planned to develop a real time securities trading system for the London office and to introduce an integrated system to handle portfolio management in both London and Zurich.

Two people are required to aid this development programme:

* an analyst with experience in mini computers to assist in the design of the portfolio management system, initially in Zurich;
* an analyst with an economics and/or statistics background and experience of using remote time sharing systems to provide computer support to Investment Research managers located in London. Suitably qualified graduates with an interest in time sharing applications will also be considered.

For both positions experience in the investment field would be advantageous while knowledge of a European language could be helpful.

Salary will be according to experience and fringe benefits include a low interest mortgage facility, profit sharing bonus, non-contributory pension, medical and life insurance plans.

Write with full career details, or telephone for an application form, to Kathryn M. Riley, Morgan Guaranty Trust Company of New York, P.O. Box 161, 33 Lombard Street, London EC3P 3BH, Telephone 01-555 3111 extension 2747.

Morgan Guaranty
Trust Company of New York

International Business Development Officer

Continental Bank is a major American headquartered international corporate bank with representation in all major European markets and 39 countries around the world.

In the Netherlands, Continental Bank has a branch in both Amsterdam and Rotterdam and we currently have an opportunity in Rotterdam for an experienced international business development officer. This position will be responsible for business development for domestic and international corporate clients.

Candidates should have a University education, 3-5 years' relevant international banking experience, fluency in written and spoken Dutch and English and preferably have a knowledge of American banking practices.

The qualified candidate will receive an excellent salary, in addition to an attractive incentive and benefits package.

Please write, in confidence, with a comprehensive c.v. including salary history, to:

Thomas J. Cafo, Personnel Representative – Europe, Continental Bank House, 162 Queen Victoria Street, London EC4V 4BS.

CONTINENTAL BANK
Continental Illinois National Bank & Trust Co. of Chicago

BANKER WITH IBERIAN EXPERIENCE

required by

ITALIAN INTERNATIONAL BANK

to expand its existing business in Spain and South America. Fluent Spanish and knowledge of the Spanish market are essential: Portuguese and knowledge of South America would be an advantage.

The ideal candidate would be over 30, with a flair for obtaining profitable business, have experience of syndicated loans and currently be earning not less than £12,000 p.a.

Please apply to:
Managing Director
Italian International Bank Limited
P & O Building
122 Leadenhall Street
London EC3V 4PT

iib

INTERNATIONAL ACCOUNTANT (RECENTLY QUALIFIED)

West End — To £8,500 + benefits

Our client is one of the world's largest suppliers of business stationery. They operate primarily in Europe and the Far East and are expanding and diversifying their activities.

They are now strengthening their finance team through the appointment of an accountant who, after training in the existing Head Office in Antwerp and in the U.K., will be based in London. He/she will have wide ranging responsibilities including financial analysis, consolidations and ensuring that accounting procedures are being complied with.

Candidates, qualified accountants in their mid to late 20's will have gained two/three years p.q.e. either within the profession or an industrial/commercial environment. They will have the ability to work under pressure and the maturity and confidence to make a successful contribution within a small, highly motivated team.

For further details and a personal history form please contact Neville Mills, A.C.I.S., or Howard Amos, B.A. quoting reference 2353.

Douglas Llambias Associates Ltd.
Accountancy & Management Recruitment Consultants,
410, Strand, London WC2R 0NS. Tel: 01-836 9501
121, St. Vincent Street, Glasgow G2 5HW. Tel: 041-226 3101
3, Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DLA

LAND AND PLANNING OFFICER

The Housebuilders Federation has a vacancy for a Land and Planning Officer following the appointment of the present incumbent as Director. The duties include servicing the Federation's Land and Planning Committee, the submission of representations to Government Departments and other interested bodies and the provision of advice to members.

The appointee is unlikely to be under 30 and will probably have a degree and/or professional qualification. A knowledge and understanding of planning and associated legislation affecting estate development would be advantageous but of even greater importance is the ability to take initiatives and to work with limited supervision within a small team. It will be essential for the person appointed to be able to write lucidly and to establish good working relations with directors and senior executives of member companies.

The appointment is based in London and an attractive salary and other benefits will be provided. Applications in writing to the Assistant Director General, National Federation of Building Trades Employers, 82 New Cavendish Street, London W1M 8AD, by not later than Friday, 26th January, 1979.

N.M. Rothschild & Sons Limited

Corporate Finance

We are currently recruiting for our Domestic Corporate Finance Division. We can offer you, as a member of a small professional team, further training and a widening of your experience in mergers, fund raising and other matters affecting corporate strategy and structure. You will meet at senior level executives of a wide range of companies, nationalised industries and government agencies. You should be aged 25-28, have a good degree, and in addition be a chartered accountant or have worked at least three years in the Corporate Finance Department of a bank or leading multi-national company. Remuneration will be highly competitive.

Applicants should write in the first instance to:
The Personnel Director,
N.M. Rothschild & Sons Limited,
New Court, St. Swithin's Lane,
London EC4P 4DU
giving full details of their career to date.

USE YOUR A.I.B. TO ADVANCE

Our client, a young and fast expanding international clearing bank is seeking two ADVANCES OFFICERS for its city branch. These positions carry different status, the more senior position involving corporate lending propositions and the more junior involving personal and small lending loans.

These positions are interesting and varied providing scope for advancement to candidates at present in banking. For the more senior position you will need to be a qualified A.I.B. and are probably working at Assistant Manager level and have a good knowledge of loans administration and securities. For the more junior position you will need to be a grade III/IV banker with part or whole A.I.B., knowledge of securities and the ability to analyse balance sheets.

The company offers all the usual banking benefits and a salary of up to £7,200 for the more senior position and £5,500 for the more junior one.

If you feel this could be the next step in your career please phone or write for an application form to Mrs A. S. Jones, Cripps Sears & Assoc., Burne House, 88/89 High Holborn, London WC1. 01-404 5701. (Personnel Consultants).

Cripps, Sears

Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

BUSINESS DEVELOPMENT — c. £10,000

A well-established international bank in London wishes to recruit an additional Business Development Officer. Candidates, ideally in their late 20s or early 30s, should be experienced in the marketing of credit services to U.K. companies, and should preferably also have knowledge of international trading and commodity finance. The position offers an attractive negotiable salary, a comprehensive range of fringe benefits, and excellent prospects for career growth.

Contact: BRIAN GOOCH

INVESTMENT ANALYST — c. £8,000+benefits

Our client is a leading North American merchant bank, currently expanding its international investment involvement. The vacancy calls for an analyst with experience of continental investments, who has the ability to make clear investment recommendations. The successful candidate will work in a young team and therefore is likely to be in his or her 20s, will hold a good class university degree, and be able to work in at least one continental language.

Contact: DAVID GROVE

ACCOUNTS OFFICER — c. £5,000

A North American bank and investment company is seeking a person, aged in his or her 20s, who is capable of producing balance sheets and profit/loss figures from trial balance. Salary is negotiable, and there are excellent fringe benefits and working conditions.

Contact: NORMA GIVEN

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

Banking

Accounting — **£6,500 to £9,000**
Highly-respected international bank seeks two accounting officers: one an ACA to control financial planning and budgeting, the other a banker with experience of F/X accounts, B/E returns and computerized systems.

Credit Analysis — **£6,000 to £10,000**
Two experienced analysts, 25-30, are required by a leading international merchant bank. Successful candidates can expect to progress to Credit Officer status in the near future.

Documentary Credits — **£5,000 to £6,250**
Expanding international bank seeks senior and junior documentary credits clerks to join its active Commercial Banking Department. Personal qualities are important as these positions involve considerable customer contact.

Loans Administration — **£5,000 to £7,000**
A senior loans administration officer is required to head up a small department at an active international bank. A more junior position exists with a similar bank where scope for career development is excellent.

F/X Administration — **c. £5,000**
U.S. bank requires an experienced F/X administrator, 22-28, with a background encompassing instructions/settlements, foreign payments and general commercial business.

Internal Audit — **c.£6,000**
Major international bank offers excellent prospects to candidates either with experience of internal audit/control or with a good general banking background supplemented by strong personal qualities and perhaps the AIB qualification.

Contact Tony Tucker or Tom Kollinsky
in confidence on 01-248 3812

NPA Recruitment Services Ltd
60 Cheapside · London EC2 · Telephone: 01 248 3812/3/4/5

FINANCIAL CONTROLLER

S.E.1. FROM £8500

Our Client, a long established and highly respected member of the building industry, leading in their field, is looking to appoint an ambitious, qualified accountant to control all of the financial and administrative affairs of the Group.

Projected growth plans indicate a doubling turnover situation within two years and the position may suit a newly or recently qualified person who would like to make an important contribution to the continuing success of the business.

Reporting to the Managing Director, you will need a practical outlook and be prepared to make a long-term career commitment.

Success in this role, will lead to a Directorship within two years with lucrative profit participation prospects. Salary is negotiable and company car is provided, together with good benefits, ideal age range is 28-35.

Telephone applications should be made immediately to Alec Moore. Quoting Ref: 008215.

DRAKE ACCOUNTING RECRUITMENT
Consultants, Ormond House, 63 Queen Victoria Street, London EC4N 4UA.
Tel: 01-248 3233.

C&L

Central London — **up to £12,000**

HEAD OF FINANCE AND ADMINISTRATION

The Client Long established London solicitors of high standing, with 20 partners and over 140 staff; a varied general practice with substantial recent expansion.

The Job Responsibility for the finance, accounting and administrative functions. Particular emphasis will be placed on financial management and upgrading management information systems. This is a senior appointment and for the right person partner status is envisaged.

The Candidate A qualified accountant or Chartered Secretary with professional and/or commercial experience at a senior level.

Brief but comprehensive details of career and salary to date, which will be treated in confidence, should be sent to J. G. Cameron, Executive Selection Division, at the address below. Please quote ref. C346 and include, if possible, a daytime telephone number at which you may be contacted.

COOPERS & LYBRAND ASSOCIATES LTD.
Management Consultants,
Shelley House, Noble Street, London, EC2V 7DQ.

Data Processing Manager

c.£11,000 + bonus

SCOTTISH WIDOWS FUND AND LIFE ASSURANCE SOCIETY

Our client, the Scottish Widows Fund and Life Assurance Society, wish to recruit a Data Processing Manager to take charge of their existing integrated computer systems and to develop them in accordance with the needs of the Society and with the evolution of new systems and equipment. The successful candidate will have management experience in data processing involving the use of large database files employing random access techniques and processing by visual display units. With this background, he or she should desirably be used to working in a financial environment and be aged 40—45. Membership of the Institute of Actuaries, the Institute of Chartered Accountants or other appropriate professional body would be an advantage.

An initial salary in the region of £11,000 + bonus will be negotiated and a generous range of fringe benefits is offered. Promotion prospects for the right candidate are good in the short-term with the opportunity of earning further promotion to top management in a few years time.

Male or female candidates should write in confidence to C. Rich, or telephone for a personal history form (24 hour answering service) quoting reference R/98/2.

The P-E Consulting Group Appointments Division
1 Albemarle Street, London W1X 3HF Tel: 01-499 1948
PE

Management Consultant

Home Counties — **Remuneration c£16,000**

Our clients, a major British company operating in a tough, competitive environment, use internal management consultancy to support their diverse global activities and services. The existing team is being enlarged to meet the increased demands of work aimed at improving Company profitability and efficiency and providing a first-class customer service. Operating from a main base in the Home Counties, consultants report through senior management to the Board and are totally responsible for specific assignments from feasibility study through to implementation. Career progression is expected to lead to senior appointments within line management. A successful candidate, of either sex, will ideally be in the age range 33-38 and will possess a business degree or equivalent professional qualifications. Around 3-4 years' previous experience operating with an external management consultancy or within a large organisation is also required. Wide experience of applying a range of management disciplines and techniques is necessary. The remuneration package is commensurate with the demanding requirements of the post. In addition to a substantial basic salary, there is an excellent and wide-ranging fringe benefits package including the use of a company car. Total remuneration is worth £16,000.
Please send your curriculum vitae in strict confidence to P. G. Hyson at the address below or write for a personal history form quoting reference 292.

Lunan
Management Selection Division

T. D. A. Lunan & Associates Ltd.,
1 Old Burlington Street, London W1X 1LA.
01-437 2515
(24 hour live answering service).

Management Auditor —International

London Based
£9,000-£10,000 +tax benefits

The audit team carries out independent investigations of and special projects in the operating activities and financial accounting of a major and rapidly expanding U.S. company. Reporting to the Audit Manager in London, the senior accountant sought will, in general, concentrate on assisting management to make the best use of the company's assets.

The work in Europe will involve spending about 60% of the time away from home. It is an excellent opportunity to work in American accounting systems and should lead to early promotion in an audit or line position.

Candidates must have had at least 2 years' post-qualification experience in either commerce or the profession. A thorough knowledge of the audit of computer systems is essential and fluency in other european languages a distinct advantage.

Replies, which should include details of age, education, qualification and career and salary progression, will be acknowledged and forwarded direct to our client. Any company to which you do not wish to apply should be stated in a covering letter. Applications should quote reference 769/FT on both envelope and letter and should be addressed to A.C. Crompton.

Deloitte Haskins+Sells
Management Consultants
128 Queen Victoria Street, London EC4P 4JX

Group Chief Accountant

S.W. London
circa £8,000 + car

A major group of companies operating internationally as contractors for mechanical services in the construction industry seek a senior accountant for the post of Group Chief Accountant.

Reporting to the Group Financial Controller the Group Chief Accountant will be responsible for all aspects of financial and management accounting with a staff of about 15.

The successful applicant will be a qualified accountant with sound commercial experience preferably, although not necessarily with a knowledge of the contracting industry. He, or she, will be expected to make a positive contribution to the development and profitability of the Group.

An initial salary of about £8,000 is offered with other attractive benefits including car, life assurance and contributory pension scheme.

Please write, quoting ref FT/266 with a full CV containing career, personal, and salary details. All enquiries will be treated in the strictest confidence. You may mention companies to which your application should not be forwarded.

Brian Withers,
GRS
Gerrard Recruitment Service,
10 Argyll Street, London W1V 2BQ.

Finance Managers

Construction

£16,000-£20,000 negotiable — **Middle East and West Africa**

For an international company with wide overseas construction interests. Three qualified accountants are required with a successful record of achievement in the construction industry, capable of controlling the total financial, accounting and administrative functions of major projects, formulating business plans and advising management on funding and the financial aspects of contract negotiations. Wide experience in the establishment of site accounting systems and administrative systems is necessary. Overseas experience, preferably in the Middle East and Africa is essential. Renewable contracts are negotiable from 1-2 years and generous negotiable terms include accommodation and a car. These are career appointments.

Applications in confidence quoting ref: 6345 to Gerald Brown, Mervyn Hughes Group, 2/3 Cursitor Street, London EC4A 1NE. Tel: 01-404 5801.

Mervyn Hughes Group
Management Recruitment Consultants

CASH REGISTERS — **BIRMINGHAM AREA**
£7,000 p.a. guaranteed for Area Manager Designate. Other benefits include 2,000 c.c. Estate Car, Commission, and full expenses. The Company requires applicants to be presently employed and fully conversant with the Cash Register field.

OFFICE MANAGER — **CITY OF LONDON**
£6,500 p.a. plus, for the right person for the position of office manager for firm of City Solicitors. Age 35-45.

FIELD ENGINEER — **MIDDLESEX**
£6,000 + 1600 c.c. Car + Bonus + overtime and expenses, for electronic engineer with Avionics experience. All applicants must be educated to at least HND/HNC level. Aged 25-40.

For details of these and other senior appointments ring:
Mr. Hugh Davidson at Drake Senior Appointments 405 0654 today.

Drake Senior Appointments
A DIVISION OF DRAKE PERSONNEL LIMITED

Gilt-Edge Portfolio Manager

LONDON - £10,000 plus.

A forward looking, innovative, banking organisation with extensive UK industrial and commercial connections offers a challenging appointment as a key member of the liquidity management team.

The successful candidate will be responsible for developing the existing well-established business of managing and advising on clients' investments – which include monetary instruments, deposits, gilts and corporation stocks. Experience in short term gilts with an institutional investor or stockbrokers would be particularly relevant.

Please send full curriculum vitae to Box A6604 Financial Times, 10 Cannon Street, London EC4P 4BY

OLYMPIC HOLIDAYS

Olmypic Holidays Limited, Britain's leading tour operator to Greece, requires a CHIEF ACCOUNTANT, to be based in their London office, to join a dynamic team.

The position requires a qualified experienced Accountant with the managerial ability to be responsible for the total accounting function of the Company, preparation of management accounts and information, statutory accounts and liaison with our Athens office. The successful applicant will be directly responsible to the Finance Director.

This is a very demanding but rewarding position in an expanding company and opportunities exist for personal progress. The Company's accounting and operation systems are fully computerised, with annual turnover approximately £8m.

Salary will be negotiable c.£8,000 plus profit sharing scheme and fringe benefits, including generous travel concessions. This is a challenging position and demands top grade applicants from either the profession making their first move into commerce, or those with commercial experience seeking to further their career.

Please send full details to:
Mr. W. E. Dyer, Finance Director,
OLYMPIC HOLIDAYS LIMITED,
24/28 Queensway,
London WC2 3RX.

Company Accountant

c. £8,000 + car South Midlands

Our client, part of a £40m. group, is a leading independent food processing company serving the wholesale trade. Success over the last ten years has meant continued expansion and consequently they now require an ambitious Accountant with practical commercial experience gained in high volume manufacturing industry to join their management team.

Reporting to the Managing Director the successful candidate will be responsible for the supervision and development of all their financial and management accounting functions including the implementation of a computerised system.

Holding a recognised accounting qualification and probably aged at least 28 the man or woman appointed to this senior and challenging position can expect a company car, pension scheme, free life assurance usual benefits and excellent career prospects.

Telephone Jonathan Baume 0865 723216 or write for application form to PER, 105 St. Aldates, Oxford.

PER Professional & Executive Recruitment

Applications are welcome from both men and women.

Senior FX Dealer

Chemical Bank is looking for an experienced FX Spot Dealer to assist with its continued Treasury expansion programme.

The applicant should be aged between 24–35 with a minimum of 3 years' proven dealing experience.

An excellent salary with opportunities for promotion will be supported by a wide range of benefits, including low cost mortgage assistance, non-contributory pension, life assurance, free lunches, BUPA and profit sharing.

Applicants, male or female, should write giving educational and career details to date to: Barry Linsley, Vice-President & Head of Treasury, Chemical Bank, 180 Strand, London WC2 1EU.

CHEMICAL BANK

PENSION FUND MANAGEMENT

ANALYST/DEALER

The County Council is seeking to add a third member to the team responsible for investing its pension fund, which is worth £60 million and invested in U.K. and U.S. securities and property. Office facilities include a dataSTREAM terminal as well as an IBM computer. The ideal candidate will have a sound training as an analyst or in fund management, be generating original ideas and be ready to take on direct responsibility for implementing them. A degree or professional qualifications is desirable.

The Council's headquarters are set most attractively in Matlock, which is in the Peak District of Derbyshire. Generous removal and relocation expenses are payable and first-rate social and recreational facilities are available. Local government pension scheme with opportunities to transfer from private funds.

Starting salary in the range £6,000 to £6,500 according to experience, on a scale rising to £7,230.

Requests for further particulars and application forms, returnable by 5 February, 1979, will be treated in confidence and should be addressed to:

The County Treasurer,
Derbyshire County Council,
PO Box 2, County Offices,
MATLOCK, Derbyshire, DE4 3AH.

Telephone enquiries to:
Peter Roney on Matlock (0629) 3411, extension 7898.

DERBYSHIRE
County Council

Finance and Administration Controller

London — to £16,000

Our client is a major professional firm in central London employing 180 people. The Finance and Administration Controller will take responsibility for all the financial, administrative and personnel activities of the firm, and will propose and implement ideas which will result in more effective and profitable management. The person appointed will be supported directly by a staff of 25.

Candidates must be Chartered Accountants aged 35-50 who have experience of managing people and who have the ability and personality to represent the authority of the partners throughout the firm.

First-class benefits and conditions are provided.

Please reply in confidence, quoting Ref. U805/FT, giving concise personal and career details to D. E. Shellard — Executive Selection

AYMS
Arthur Young Management Services
Rolls House, 7 Rolls Buildings
Fetter Lane, London EC4A 1NL.

Management Accountant

Surrey
up to £10,000
+car+benefits

The company, a £12 million turnover, multi-factory subsidiary of a small quoted UK group, is in a profitable situation and is now poised for further expansion.

A Management Accountant is sought to strengthen the performance of the centre by improved costing, budgetary control and management information systems and to extend the use of computers.

Reporting to the Finance Director, the Management Accountant will be involved in decision making at all levels from shop floor to the board and will have to devote a significant amount of time to training members in the use of new management techniques.

The post requires a qualified and highly experienced Management Accountant who has had a successful track record in industry. The ideal age is probably around 35 or 40, which provides the necessary maturity, but gives plenty of time to fulfill the above responsibilities and to enjoy the rewards of longer term prospects as the business develops.

Applications, which will be treated in strict confidence, should contain relevant details of career and salary progression, age, education and qualifications.

Please write to A.C. Crompton quoting reference 767 on both envelope and letter.

Deloitte Haskins+Sells
Management Consultants
128 Queen Victoria Street, London EC4P 4JX

Financial Director

Outer London
c.£13,000 + Car

Our clients a brand leader in fast moving consumer goods are currently seeking a Financial Director.

The person appointed, preferably A.C.A. or A.C.C.A., should have at least 4 years post-qualification professional experience in a qualified post dealing with complex public companies. Candidates should also have commercial experience with a strongly marketing and sales orientated organisation as they will be required to make a significant contribution to such an operation in this post.

He or she must also be fully familiar with integrated, functional as well as line, cost and accounting systems, and experience in a Price Commission investigation would be helpful.

In return our client offers a salary of at least £13,000 plus a car, non-contributory pension and other major benefits.

Interested applicants should write with full personal and career details, stating the companies to which you do not want details sent, to;
Position No. 186 Robert Marshall Advertising Limited,
30 Wellington Street, London WC2.

Robert Marshall Advertising Limited

Corporate Treasurer

Chingford London c. £10,000+car

LRC International, a major organisation in the home, health care and leisure markets, with a turnover of over £100M., is currently looking for a Corporate Treasurer.

The successful candidate will be a key member of a small team reporting to the Group Financial Controller and will have overall responsibility for the organisation's central cash management and control arrangements, including the maintenance of cash forecasting systems, optimisation of financing resources, monitoring of foreign currency transactions, debtor control, taxation matters, stock levels and corporate cash flow.

Applicants should be qualified accountants with relevant 'Treasury' experience, preferably gained in a multi-national organisation. Whilst age is no barrier it is unlikely that candidates under 35 years of age will have the necessary qualifications or experience.

Conditions of employment are excellent and include a Company car, four weeks annual holiday and non-contributory life assurance and pension.

Applications please with full details should be sent in confidence to: Mr. David Lloyd, Personnel Manager, Group Headquarters LRC International Limited, North Circular Road, Chingford, London E4 8DA.

LRC — LRC International

Corporate Planner

Service Industry

for an international group which provides vital services to industry and householders; worldwide sales of £60m., half in the UK. Sales and profits have both doubled in the last five years and growth and diversification continue.

This is a new appointment to assist and after a few years possibly succeed the present Head of Corporate Planning when he moves to an executive appointment within the group.

Candidates, probably aged 26 to 30, will be graduates in a numerate discipline and ideally have an MBA, business studies or ACMA qualification. A minimum of two years' relevant commercial experience is also expected.

Salary negotiable but probably around £7,500 plus car. Location Sussex.

Please send brief details – in confidence – to David Bennell ref. B.43572.

This appointment is open to men and women.

MSL
United Kingdom · Australia · Belgium · Canada
France · Germany · Holland · Ireland · Italy
New Zealand · South Africa · South America
Sweden · Switzerland · U.S.A.

International Management Consultants
Management Selection Limited
17 Stratton Street London W1X 6DB

Divisional Director

to c. £20,000 + car

A major international engineering group with a dominant position in the market for its main product range requires a General Manager for its largest division which employs 1,500 + and has sales of over £20 million. The person appointed will be accountable for the direction of the division to achieve planned growth and net return on assets.

Candidates should have a record of successful general management in the engineering industry, including both manufacturing and marketing, and proven knowledge of the key disciplines required.

Applications giving full details of experience, qualifications and current earnings should be sent to PA Advertising quoting ref: A8712

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to the Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA

A member of PA International

Potential Equity Sales Partner

Our client is a well-known Stock Exchange firm whose expertise in many fields enables them to provide a comprehensive service to private, institutional and other clients. One of their leading sales partners on the equity institutional desk is moving within the firm and an opening has therefore arisen for an individual of the highest calibre.

The successful applicant will be well-educated, aged 26-30, with a proven first-class track record in institutional equity broking or, possibly, fund management, and a sound working relationship with a research department.

The position, which offers an excellent remunerative package, will appeal to an ambitious person who now seeks the right opening with the right firm in order to become a partner.

For further information please contact F. J. Stephens, who will treat all enquiries in the very strictest confidence.

Stephens Selection
35 Dover Street, London W1X 3RA. 01-493 0617
Recruitment Consultants

Banking Appointment

A major national banking institution in course of expanding its activities through its UK banking network requires an Assistant Manager – Advances for its London Headquarters. This is a newly created position and the successful candidate will be expected to play a key role in the development of commercial lending.

Candidates must be professionally qualified and have had sound experience with a clearing bank in security procedures and commercial lending – particularly to small businesses.

Salary around £8,000 plus London weighting, mortgage subsidy and non-contributory pension.

Please send relevant details – in confidence – to P. Hook ref. B.26412.

This appointment is open to men and women.

MSL
United Kingdom · Australia · Belgium · Canada
France · Germany · Holland · Ireland · Italy
New Zealand · South Africa · South America
Sweden · Switzerland · U.S.A.

International Management Consultants
Management Selection Limited
17 Stratton Street London W1X 6DB

SENIOR TAX ADVISER

London — c. £9,500 + Car

Our client, a major multi-national group, is the dynamic market leader in its field.

The international growth of the company over recent years has increased the scope and complexity of its tax affairs and consequently the group is now seeking to strengthen its highly skilled tax function. This handles its U.K., international and personal tax affairs and is concerned with consultancy and planning activities in addition to compliance work.

Applicants will probably be qualified accountants aged in their late twenties although experience gained in the Revenue could prove suitable. They should have broad tax experience, the ability to communicate with senior management and demonstrate the management potential which will enable them to progress within the group.

For more detailed information concerning this appointment and a personal history form, please contact Nigel V. Smith, A.C.A. quoting reference 2356.

Commercial/Industrial Division

Douglas Llambias Associates Ltd.
Accountancy & Management Recruitment Consultants,
410, Strand, London WC2R 0NS. Tel: 01-836 9501
121, St. Vincent Street, Glasgow G2 5HW. Tel: 041-226 3101
3, Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DLA

Financial Public Relations Manager.

An experienced financial journalist is needed to handle and develop financial public relations at Harrison Cowley Public Relations in Bristol. Age range 28-40.

Negotiable salary and commission package, company car and usual fringe benefits.

Harrison Cowley Public Relations, Bristol, is the largest public relations consultancy outside London, and is part of the £16 million Harrison Cowley Advertising Group.

Telephone Philip Parkes on Bristol (0272) 211823 or write to:
Harrison Cowley Public Relations,
35 Queen Square, Bristol BS1 4LU.

Harrison Cowley Public Relations

Financial Controller

for J. John Masters & Company Ltd., a City based subsidiary of Wilkinson Match Limited with sales of approximately £10 million. The Company is primarily involved in the importation, marketing, selling and distribution of fast-moving, branded consumer products.

The Financial Controller will report to the Managing Director and will be responsible for all financing and accounting functions.

The candidate must be a qualified and commercially experienced accountant; a sound knowledge of computer operations would be highly advantageous. Experience with importation, insurance, and secretarial functions desirable, together with proven administrative ability. Minimum age 30.

A salary in the region of £11,000. Benefits, including a car, pension, life assurance and PPP.

Please apply in writing, giving details of your age, experience and career to date to:–

Group Personnel Manager,
Wilkinson Match Limited, Langley Hall, Station Road, Langley,
Slough, Berks. SL3 8BZ.

Wilkinson Match

Senior Investment Executive

Development Capital: 5 figure salary

A leading City institution seeks a senior executive to head a small team dealing with investments in small/medium, quoted and unquoted companies.

The post will be responsible to the Director for the principal task of co-ordinating the activities of merchant banks engaged in day to day management of portfolios covering such investments. In addition, the successful candidate will control an in-house portfolio.

Candidates, men or women, must have a knowledge of investment appraisal techniques and familiarity with company and finance legislation, possibly gained in a previous industrial appointment. An accountancy qualification will be expected.

The post is located in the City and the salary is negotiable in five figures.

Please telephone (01-629 1844 at any time) or write – in confidence – in the first instance for a personal history form. R. L. H. Whitney ref. B.1132.

MSL

United Kingdom Australia Belgium Canada France Germany Holland Ireland Italy New Zealand South Africa South America Sweden Switzerland U.S.A.

International Management Consultants
Management Selection Limited
17 Stratton Street London W1X 6DB

Managing Director

for HATTERSLEY NEWMAN HENDER LIMITED, Europe's leading valve manufacturer and a subsidiary of PEGLER-HATTERSLEY's Engineering and Valve Division. Employing 1,000 people on two sites (head office at Ormskirk in Lancashire), the company manufactures and sells a broad range of industrial valves at home and overseas. Sales are £20m. with healthy profits.

The new MD has the opportunity, created by major investment, to generate significant new business and to determine the company's markets and products for several years to come. Success will herald a bright personal future.

Candidates, probably in their early 40's and not necessarily engineers themselves, must be experienced general managers successfully running a self-contained and substantial unit manufacturing and selling industrial products.

Earnings around £15,000 plus excellent benefits.

Please send career details – in confidence – to D. A. Ravenscroft ref. B.25468.

This appointment is open to men and women.

MSL

United Kingdom Australia Belgium Canada France Germany Holland Ireland Italy New Zealand South Africa South America Sweden Switzerland U.S.A.

International Management Consultants
Management Selection Limited
474 Royal Exchange Manchester M2 7EJ

A new Director for ISBA

The Incorporated Society of British Advertisers is looking for a new Director.

The ISBA is the Trade Association which represents the interests of British Advertisers to Agencies, Media, Government and official bodies in the UK, EEC and elsewhere.

It is a constituent part of the Advertising Association and works closely with other bodies connected with advertising, such as the IPA, CBI, ASA, ITCA and JCC.

The new Director must have ability and standing, and must be able to communicate easily and convincingly at all levels and maintain for ISBA a responsible and vigorous reputation; experience in marketing and advertising is essential.

The ideal candidate will probably be fortyish, but ability, not age, will be the main criterion.

A knowledge of languages, and especially French, will be an advantage.

Salary and Benefits will be commensurate with the importance of the appointment and standing of the applicant, and are open to discussion.

If you think you can lead ISBA into the 80's write, in complete confidence, to the address below, posting your application to arrive not later than 29 January 1979.

**HR Darby Esq.
Chairman of the Selection Committee
c/o Van den Berghs & Jurgens Ltd
Sussex House
Burgess Hill
West Sussex RH15 9AW**

Corporate Finance

International Banking

For the London based merchant banking subsidiary of a major international banking group. Reporting to a Director the successful candidate will be responsible for the further development of the bank's corporate finance business dealing with the senior financial officers of North American corporations in the USA. Regular travel will be necessary and there are good prospects for advancement.

The ideal candidate is professionally qualified or a graduate aged 28 to 35 with significant experience in the areas of international corporate finance, and with some general knowledge of S.E.C. regulations, US private placements, etc.

Salary negotiable from £12,500 plus car, non-contributory pension, and the usual banking benefits.

Please write – in confidence – to J. M. Ward ref. B.41356.

This appointment is open to men and women.

MSL

United Kingdom Australia Belgium Canada France Germany Holland Ireland Italy New Zealand South Africa South America Sweden Switzerland U.S.A.

International Management Consultants
Management Selection Limited
17 Stratton Street London W1X 6DB

General Manager

Irish Life Building Society

A key appointment with this new subsidiary of the Irish Life Assurance Company whose assets exceed £400m. The primary role is to develop the Society to viable and profitable maturity within the shortest practicable time scale.

Candidates, capable of meeting this challenge, should be able to demonstrate a proven record of top management success with an established building society, particularly in marketing. Age is open, though the range 40 to 60 is most likely.

Salary, which is for discussion, will not be a limiting factor and benefits are fully appropriate. Location Dublin.

Please write – in confidence – to H. W. J. Flannery ref. B.83160.

This appointment is open to men and women.

MSL

United Kingdom Australia Belgium Canada France Germany Holland Ireland Italy New Zealand South Africa South America Sweden Switzerland U.S.A.

International Management Consultants
Management Selection Limited
49 Upper Mount Street Dublin 2

Schlesingers

Specialists in the management of private, institutional and pension funds.

Investment Administration

Schlesingers is a rapidly expanding Investment Management Company and the Senior Investment Manager responsible for private client portfolios wishes to appoint an assistant.

The appointed applicant, aged between 20/25, will initially look after administrative aspects of the service. He or she will ultimately be able to develop an increasing involvement in investment management.

This position would suit a young graduate or professionally qualified person, or alternatively, someone who has had one or two years stock exchange experience with a broker or other financial institution.

The Company offers an excellent salary and a generous benefits package to the right candidate.

Please apply, enclosing a full curriculum vitae to:–
B. M. Bailey Esq.,
SCHLESINGER INVESTMENT MANAGEMENT SERVICES LTD.,
19 Hanover Square, London W1A 1DU.

Retailing

Board Opportunity

A retail line manager with successful experience of multiple outlet development is sought for this new appointment in a £20m. turnover London-based retail group. The preferred age is early 30's to identify with a young and vigorous management team committed to planned growth.

As well as participating fully in general management as a director, specific accountability will be for leading and co-ordinating all business development activity. Responsibilities will include management and other staff resourcing, site acquisitions and property management, and overseeing management systems and services.

Starting salary: above £10,000 plus profit-related bonus, car and other benefits.

Please send brief details – in confidence – to W. A. Griffith ref B.23525.

This appointment is open to men and women.

MSL

United Kingdom Australia Belgium Canada France Germany Holland Ireland Italy New Zealand South Africa South America Sweden Switzerland U.S.A.

International Management Consultants
Management Selection Limited
17 Stratton Street London W1X 6DB

Group Financial Controller

Independent Newspapers Limited

This important appointment arises as a result of a recent top management re-organisation within the Independent Group of Companies. Current turnover is in excess of £30m. and some 1,500 people are employed.

Responsibility will be to the Group Chief Executive for the total financial affairs of the group with key tasks in the areas of management information, forecasting, funding and the provision of financial advice. Success can lead to an early directorship.

The requirement is for a chartered accountant with relevant and responsible senior level experience in a company noted for its financial function, and which has included close involvement in the decision-making process. Preferred age 30 to 45.

Salary is for discussion in five figures and benefits are fully appropriate. Location Dublin.

Please write – in confidence – to H. W. J. Flannery ref. B. 83208.

This appointment is open to men and women.

MSL

United Kingdom Australia Belgium Canada France Germany Holland Ireland Italy New Zealand South Africa South America Sweden Switzerland U.S.A.

International Management Consultants
Management Selection Limited
49 Upper Mount Street Dublin 2

FMR MANAGEMENT RECRUITMENT LTD.

SITE ACCOUNTANT

Neg. to £18,000 plus benefits

SAUDI ARABIA

One of Riyadh's largest construction companies is recruiting ex-patriates for supervisory posts in their organisation. A vacancy exists for a Site Accountant to lead a team of local staff and to be responsible for payroll and supply control on sites.

Contracts are initially for one year but will probably be renewable. The person appointed will have appropriate experience and qualifications and will be prepared to live under bachelor status. Benefits include air fares, four weeks paid leave and medical attention.

Applications, quoting reference FMR/104, should be sent to Hugh Skinner at the address below. Alternatively telephone Charlotte Gray for an application form.

We would also like to receive general applications from qualified accountants for a variety of posts in both West Africa and the Middle East.

REGENCY HOUSE, 107 HAGLEY ROAD, EDGBASTON, BIRMINGHAM B16 8LA TEL: 021-454 3691

RESEARCH FELLOWSHIP INFLATION ACCOUNTING

The Social Science Research Council wishes to appoint a research fellow in inflation accounting in October 1979. Applications are invited from experienced accounting researchers to review the debate on inflation accounting and/or alternative approaches to measuring the economic performance o fbusiness enterprises under inflationary conditions. The appointment will be for two years and may be made at up to professional level.

Further details are available from Mike Brennan, SSRC, 1, Temple Avenue, London EC4Y 0BD. Telephone 01-353 5252, ext. 26. Closing date for receipt of applications is 16th February, 1979.

ACCOUNTS ASSISTANT experienced in management accounts, Bank of England Returns, foreign exchange accounts, etc, for EC2 bank. Salary £7,000.
JUNIOR EUROBOND DEALERS, experienced settlements clerks considered for EC2 investment bank. Salary £5,500.
ASSISTANT TO EUROBOND DEALERS, experienced in calculating maturities, general back up for EC2 securities. Salary £4,200.
FOREIGN EXCHANGE CONTROL/SETTLEMENTS CLERKS for EC2 banks, experience necessary, age 20+, salary to £4,000 + excellent benefits.
SECURITIES SETTLEMENTS CLERK for merchant bank, 1-2 years experience, age 20+. Salary £4,000.

LJC BANKING APPOINTMENTS

283-9958/9

INSTITUTIONAL SALES

We are an expanding U.S. Investment Bank seeking to extend our activities in the International Bond Markets by adding an experienced Institutional Fixed-interest Securities Salesman to our established Eurobond operation.

The right candidate should be able to introduce business, and to originate further new business based upon the support of a strong and creative dealing operation. He or she must be prepared to travel and should have a working knowledge of foreign languages. Salary will be negotiable and will give full consideration for experience and performance.

Please apply in confidence to: Box A.6608, Financial Times, 10, Cannon Street, EC4P 4BY.

Finance Director

INMOS

Our Client is INMOS, the major new semiconductor company being set up in Britain to develop and manufacture memory circuits and microprocessors for worldwide markets. The company has substantial backing from the NEB, and the position offers a unique opportunity to participate in a development of national importance and high growth potential.

The Finance Director will be responsible for the establishment of the finance, secretarial and administration function on an international basis. Considerable emphasis will be placed on the development of controls, systems and policies, to cope with the rapid growth which is planned for the company.

Candidates must have relevant experience in the semiconductor and electronics industry, and be familiar with the control of high volume production and marketing activities. The company plans to make significant use of the latest computer based techniques, and experience in this area is important. A demonstrable track record of achievement at senior level is essential, together with evidence of a broadly based general management approach. Please write in complete confidence, quoting ref 1007, to Ian H D Odgers, Managing Director, who is advising on this appointment.

Odgers MANAGEMENT CONSULTANTS
Odgers and Co Ltd. One Old Bond St, London W1X 3TD 01-499 8811

Young Qualified Accountant

Located in City of London — **c. £7,000 p.a.**

A major group of timber and builders' merchant companies has a vacancy at head office for an assistant to the Financial Controller.

Responsibilities will include the production and monitoring of group management information, budgets, forecasts and annual financial accounts.

Brief applications, covering relevant personal and career details, should be made in writing to:—

The Financial Controller
The Sabah Timber Company Ltd.
1-4 Great Tower Street, London EC3R 5AB

INTERNATIONAL FINANCE EXECUTIVES

U.K. — **£10-12,000 + Car**

Our Client is the International Division of Midland Bank.

In order to further the development of its corporate business, it is now seeking a small additional number of highly motivated International Finance Executives. They will be required to develop and extend the Bank's international business with major corporate clients in the U.K. and should be capable of negotiating eurocurrency facilities, together with other international financial services, at the highest corporate levels.

Ideally in their mid to late thirties, the *successful candidates* will have a good understanding of international banking and be able to demonstrate successful experience in the sale of financial services.

They must have confidence in their ability to negotiate directly with senior financial directors and be seeking to develop their careers as effective international bankers in a diversified banking group.

The posts are both challenging and stimulating and present excellent opportunities for substantial progress for successful candidates.

At a later stage of development there may be opportunities to work in overseas financial centres. Fluency in one or more foreign languages would therefore be an advantage, although not an absolute necessity for career advancement.

In addition to salary, the posts carry the related benefits associated with a progressive bank.

Applicants should write, providing concise personal and career details, to: C. A. Cotton, MLH Consultants Ltd., Park House, 22-26 Great Smith Street, London SW1P 3BU.

MLH *Consulting Group of Companies*

CHIEF ACCOUNTANT

Chief Accountant required by a Group of Private Companies in Essex engaged in the wholesale and retail meat trade.

This post involves the preparation of monthly management accounts and annual accounts, together with the supervision of all accounting and related administration functions. The commencing salary envisaged is circa £7,500 p.a. A company car will be provided and there will be participation in the Company Pension Scheme after a probationary period.

Please write with full personal details and C.V. to C. H. C. Rumford Chambers, 33, Market Place, Romford, Essex, RM1 3AB, reference P.M.

CONTAINERS
Development and Marketing - from £10,000

A commercial problem solver of management calibre for a new operation to develop new uses/types of containers and to market specialised containers to the shipping and other industries.

An international salesman at heart, you appreciate the design and practical engineering aspects of container use and manufacture. Your commercial negotiating skill must cover the legal, technical, financial and transport dimensions involved in leasing or occasionally buying and selling containers worldwide. Perhaps from a leasing or engineering background, candidates are ideally 28-40, ready to travel, qualified to HND level and have a second European language. London based growth company. Useful benefits include car.

Please write in confidence, with full career and personal details and quoting reference 1663/ALD/FT to:

Robert Lee International
34 BERKELEY SQUARE, LONDON W1X 6AR.

Works Director

£12,000 + car + benefits

We are a well known progressive company whose office products are sold worldwide. Our manufacturing activity is spread throughout the UK and each plant operates as an independent unit supported by a full range of production services including Production Engineering, Purchasing, Finance, Industrial Engineering and Personnel.

Our largest manufacturing operation based in South East England has an opening for a Works Director. We are looking for a seasoned manufacturing professional with a proven track record. We place particular emphasis on man-management and organisational skills. The plant which is totally Unionised is embarking on its largest ever capital investment programme and presents a significant challenge in maintaining cost effective output in a period of change.

As a company our sights are set firmly on growth and excellent career prospects exist, in fact this position has in the past proved to be a stepping-stone to general management. Anticipated annual earnings in the form of basic salary and bonus earnings are £12,000 and a full range of benefits includes a quality car plus generous pension, life assurance and BUPA benefits.

Ref: W4904/FT

Replies will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent. They should include comprehensive career details not refer to previous correspondence with PA and quote the reference on the envelope.

PA Advertising
Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA
A member of PA International

ASSISTANT GROUP ACCOUNTANT/SECRETARY
SALARY £8,000 pa;

Central London

A successful public group of engineering companies with a turnover in excess of £20m, managed by professional managers, requires an Assistant Group Accountant/Secretary. He/she will be responsible for the central accounting activity and will work with the Group Financial Controller on corporate financial matters. In addition he/she will be responsible for providing an administrative service covering all aspects of the secretarial function for a public group of companies.

Applicants should possess an accounting qualification. A secretarial qualification would be an added advantage.

Please reply, in confidence, to The Company Secretary, Box A.6607, Financial Times, 10, Cannon Street, EC4P 4BY, enclosing a full curriculum vitae.

Financial Controllers

Hertfordshire — **to £10,000 + car**

An unusually attractive opportunity for career development is offered by a large, rapidly expanding division of a nationally important engineering group.

Recent promotions have given rise to two senior vacancies for qualified accountants. Apart from excellent career prospects, the company offers an attractive compensation package and a pleasant but stimulating working environment.

FINANCIAL CONTROLLER (Accounts)

To control the division's large financial accounting function. Must be a qualified accountant (preferably CA), early 30's with experience of staff control and up-to-date computerized accounting systems in large companies. Intellectual and personal qualities will be as important as technical competence. (Ref. 3352/1/L).

FINANCIAL CONTROLLER (Contracts)

To control the division's contract accounting function. This involves close liaison with senior technical and commercial executives in the UK and overseas, from negotiation stage through to contract completion. Must be a qualified accountant (not necessarily CA) with several years' appropriate experience in a complex industrial environment, including some overseas experience. Probable age range 32–47. (Ref. 3352/2/L).

For an application form, write in confidence, showing how you meet the specifications and quoting the appropriate reference, to M. J. H. Coney,

Peat, Marwick, Mitchell & Co.,
Management Consultants,
Executive Selection Division,
165 Queen Victoria Street,
Blackfriars, London, EC4V 3PD.

ROYAL BANK LEASING LIMITED

The above company which is a wholly owned subsidiary of The Royal Bank of Scotland Limited, requires another Assistant Manager to help handle the rapidly increasing business in the leasing field.

The duties would include negotiation of new leasing business with prospective customers, calculation of lease rentals and supervision of legal documentation. Experience with individual transactions of £50,000 and over would be advantageous.

A background in finance, with particular reference to leasing, is essential.

Salary negotiable. Fringe benefits include non-contributory Pension Scheme and attractive Staff House Purchase Scheme.

Applications stating age, qualifications and previous experience should be made in writing to:—

The Staff Manager
The Royal Bank of Scotland Limited
PO Box 31
42 St Andrew Square
EDINBURGH
EH2 2YE

The Royal Bank of Scotland
You'll get on better with us.

COMMERCIAL LENDING OFFICER

Clearing Banker with sound experience of commercial lending and small business finance required for a middle management appointment at the Regional Head Office of a *domestic banking organisation. He/she will be involved in* the development of the lending aspect of branch banking and will work with Senior Management who are directly responsible to the Board.

Applicants will be professionally qualified, fully conversant with the needs of small businesses as well as limited liability companies, and have a proven aptitude for assessing lending propositions. He/she will also show a flair for communication and organisation and may be required to write training manuals detailing facilities, procedures and security documents.

Applicants under the age of 30 are unlikely to have the necessary experience.

Salary range: £7,500 to £9,100 p.a. plus Large Town Allowance, mortgage interest subsidy and non-contributory pension scheme. Approved relocation expenses will be paid. Applicants will be required to pass a medical examination. Applications should be supported by the names and addresses of at least two referees, marked Private and Confidential, and addressed to:—

The Assistant General Manager (Personnel)
T.S.B. North West
St. James's Buildings
Oxford Street
Manchester M60 2EB

Accountant

We are a leading international composite insurance company and have opportunities for qualified or nearly qualified accountants who are able to work using their own initiative.

Based in London, but with the possibility of some overseas travel, the work will be project orientated and the vacancies arise in these particular areas:

* Financial investigations and corporate finance assignments:
* Investigation and implementation of accounting and Management information systems, including the use of data processing and time-sharing facilities:
* The preparation and assessment of organisation and operational studies.

Starting salary will depend on qualifications and experience, but it is likely to be between £6,000 and £7,500 per annum.

The company offers excellent conditions, including subsidised mortgage facilities, free lunches and a first class pension scheme.

Please write with full details to:
J. N. C. Benstead,
Commercial Union Assurance Company Ltd.,
Leadenhall House, P.O. Box 93,
100 Leadenhall Street,
London EC3P 3HD.

CU ASSURANCE

SENIOR FINANCIAL EDITOR

to lead team producing five publications on corporate finance, accounting and currency movements. Must have considerable experience in these areas either in banking or journalism. This is a challenging position which offers considerable freedom and scope for initiative within the existing publications and for new publications. You will also be involved in setting up conferences and seminars.

Age range preferred:	26-40.
Salary:	to £12,000
	plus car
	plus bonus.

Write with curriculum vitae to: Irvine Laidlaw, Institute for International Research, 70 Warren Street, London, W1.

ASSISTANT COMPANY SECRETARY

The British Investment Trust Limited, a major investment trust located in Edinburgh, requires a Chartered Accountant, aged under 30 years, preferably with two years *post-qualifying* experience. An interest in Investment Trust administration, taxation and Company Secretarial duties generally are essential and experience of property companies an advantage. A competitive salary will be offered, with an excellent pension scheme and working conditions.

Please apply in writing giving details of age, education and professional experience to:

Company Secretary,
The British Investment Trust Limited,
46 Castle Street,
Edinburgh EH2 3BR.

Unhappy Senior Executives Wanted

You can be frustrated for any reason at all, real or imagined. Over a salary you think is too low, and may well be. Over rewards or benefits that are too stingy. Over lack of responsibility, lack of incentive, lack of opportunity, lack of recognition of your talents—over lack of anything. Including a future. We're here to help resolve the frustration. We can show you how good you are—and at what. We can help you obtain the right job, if you're in the wrong one. With the right company and the right people.

As for the right attitude, once you know yourself, you will adopt it. You can manage your career. You will benefit from an initial confidential discussion with us.

Simply dial 01-734 0752, and ask for John Ball, Senior Partner. Or write to him at:

Royston Ridgeway career managing people
Kent House, 87 Regent Street, London W.1.

Foreign Exchange Consultancy

Our Client, a major international financial institution, is seeking two new consultants to join their young and highly successful foreign exchange advisory team.

The work is wide ranging and entails providing a professional consulting service to major UK and Scandinavian based international companies in the areas of foreign exchange and international economics and finance.

Relevant experience could have been gained in a commercial or financial organisation in a foreign exchange, economics or treasury role. He or she will be confident, highly articulate and literate, educated to graduate or post graduate level and have well developed social and interpersonal skills.

Salary £8-£9,000, or higher, plus benefits including mortgage assistance, a non contributory pension scheme, free lunches, BUPA and profit sharing. Location Central London.

Write to or call David Thompson, in complete confidence, who is advising on the appointments.

Odgers MANAGEMENT CONSULTANTS
Odgers and Co Ltd, One Old Bond St, London W1X 3TD 01-499 8811

Taxation Manager

c£17,500 plus car

This is one of the top corporate taxation management appointments in the U.K.

The company is a large British multi-national with a turnover well in excess of £1,000m from its worldwide commercial and industrial operations.

The post carries the responsibility for tax planning, tax compliance, the provision of tax advice to corporate and divisional management, and related exchange control matters.

It demands a positive and creative approach, especially to business structure planning where there is scope to contribute significantly to profitability and cash flow.

It requires high-level experience in the management of a taxation department (ideally with international involvement) which may have been gained in a substantial corporation, a major professional firm, or the Inland Revenue. Age—not less than 35.

Central London location. Some overseas travel is involved. The salary bracket is flexible.

Please write (male or female), in strict confidence with full details, quoting 730/FT, to Philip Smith:—

Philip Smith
Manpower Consultants
85-87 Jermyn Street, London, SW1Y 6JD

Group Reporting Systems

C. London — to £9,750

This is a rare opportunity to gain experience of very advanced forecasting and reporting techniques in a highly regarded multi-national Group which is in the process of establishing standard procedures within a world-wide Data Base concept. The person appointed will assist in the preparation of consolidated results and in the further development of these procedures through liaison with operating subsidiaries and headquarters staff. The job therefore calls for the application of technical skill and organising ability towards the solution of complex problems at a senior level and success at this role will undoubtedly lead to career opportunities in this expanding organisation. Applicants, aged around 30, must be qualified accountants with experience of operating large-scale systems, preferably in a multi-national environment. Ref: 782/ST. Apply to R. A. Phillips, A.C.I.S., F.C.I.I., Phillips & Carpenter, 3 De Walden Court, 85 New Cavendish Street, London W1M 7RA. Tel: 01-636 0761.

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Selection Consultants

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YOUNG BANKERS

If you are considering a career move, telephone us—the leading and longest-established firm specializing only in Banking Appointments. At present there are many opportunities for young people with either general or specialist experience in banking, including:—

ACCOUNTS (junior)	£3,000 — £4,500
ACCOUNTS (senior)	£4,500 — £6,500
RECONCILIATIONS	£3,000 — £6,000
FOREIGN EXCHANGE ADMINISTRATION	£3,000 — £5,000
DOCUMENTARY CREDITS	£3,500 — £6,000
STOCK EXCHANGE SECURITIES	£3,200 — £4,500
GENERAL BANKERS	£3,000 — £4,500
LOAN ADMINISTRATION	£4,000 — £5,000
CREDIT ANALYSTS	£5,500 — £7,000
GRADUATE CLEARING BANKERS	£4,500 — £5,500
SECRETARIES	£4,000 — £5,500

For further details, please telephone SOPHIE CLEGG or RICHARD MEREDITH

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

Management Accountant

We are a packaging film manufacturing company based in a pleasant Lincolnshire market town and are seeking a management accountant responsible to the company secretary/chief accountant who is retiring in 2 years.

We are looking for a qualified candidate, with adequate post qualifying experience in a manufacturing organisation, who will initially be responsible for the setting up of monthly departmental cost systems to reconcile with financial accounts via a NCR Century 150.

Dependent upon qualifications, experience and successful discharge of initial responsibilities the successful applicant would be a strong candidate for succession to the post of Company Secretary/Group Chief Accountant.

Minimum commencing salary £7,000 p.a. plus company car, non-contributory life assurance and contributory pension scheme. Assistance with relocation expenses.

All applications (typed or legibly hand-written) giving personal and career details will be acknowledged and treated in the strictest confidence. Please quote this advertisement.

The Company Secretary
C. K. ADDISON & COMPANY LIMITED
Brackenborough Road
Louth, Lincolnshire LN11 0AX

COMMERCIAL LAWYER

A successful and expanding London-based International Merchant Bank requires a Commercial Lawyer to head its Legal Department.

This is a Senior Executive appointment which will suit a lawyer with imagination and a flair for commerce. The successful applicant will have a professional background and a thorough understanding of mergers, acquisitions and corporate reorganisations, Stock Exchange and Exchange Control regulations, general company and banking law and corporate lending. Some tax and/or shipping experience would be an advantage.

The appointee's primary responsibilities will be to advise the bank's Corporate Services department and to help structure deals and transactions. He or she will also be required to recruit a legal assistant for drafting and litigation work.

This appointment offers an exciting opportunity for the right person, with generous salary and a comprehensive range of benefits.

Please reply, in confidence, to:
Box A6612, Financial Times
10 Cannon Street, EC4P 4BY

Our client, based colse to London is part of an international group. They are at present undergoing a new phase of expansion and are looking for a

YOUNG ACCOUNTANT

with enthusiasm and ambition to fill a vacancy that could lead to a board appointment within a few years.

The position which involves a variety of assignments calls for candidates with a recognised qualification. Knowledge of a computerised system is essential as the successful applicant will be associated with the development of such.

Salary is negotiable but those at present earning less than £6,500 are unlikely to have the required background.

If you have the necessary experience and can prove that you are capable of obtaining rapid promotion we would like to hear from you.

Please write quoting Ref. PB314, enclosing full C.V. and details of your present salary to:

WALTER JUDD LTD.,
Recruitment Division, 1a, Bow Lane, London EC4M 9EJ.
Tel: 01-236 4541

MANAGING DIRECTOR DESIGNATE

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The new company will have a sales force of 40, a maintenance team of 14 and a turnover of £3,000,000+. This is a first class opportunity for an experienced executive in his/her thirties, used to managing a large sales force with knowledge of modern electronic office machinery, ward processors, copiers, etc. Past experience in the stationery trade would be an advantage. Salary £10,000 p.a. (part from overseas subsidiary) plus substantial bonus, based on profits. Company car, pension scheme, BUPA, etc.

Apply in writing to Box A6611
Financial Times, 10 Cannon Street, EC4P 4BY

Financial Controller

We are a successful and growing private company which imports, distributes and retails fast moving consumer goods. The financial controller we are looking for will be able to devise, implement and develop a modern system of management accounting and financial control data for the board.

Candidates must be Chartered Accountants, preferably with experience in a commercial environment.

The company is currently based in London but is moving to Guildford. Travel in the UK and abroad is involved. Salary will be by negotiation with the successful applicant. Additional benefits will include a company car, profit sharing and a board appointment after a suitable time.

Please reply giving full details of career to date to:
The Managing Director, Box A6613
Financial Times, 10 Cannon Street, EC4P 4BY

CHIEF ACCOUNTANT

£8,000 + Fringe Benefits

Required by fast, expanding importer and distributor of domestic and light industrial textile machinery

Applicants should be qualified accountants, preferred age 30+. Responsible for producing monthly management accounts to a tight schedule. Experience in currency transactions and importing procedures would be an advantage. Excellent prospects for the right person.

Letters, marked Private and Confidential, to:—

Mr. I. A. Groom, Managing Director,
Knitmaster Group UK Limited,
30/40 Elcho Street, London SW11.

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ASSISTANT CONTRACT NEGOTIATOR

Our client is a leading merchant bank. We are seeking a person experienced in Administration and Documentation of International Export Loans, including E.C.G.D. procedures and contracts. This knowledge may have been gained in a bank, confirming house, or manufacturer. Age ideally 25-30: good salary and fringe benefits.

Please telephone: Peter Latham 623 1266

JOHNATHAN WREN BANKING APPOINTMENTS

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Surrey — c£8,500 + car

GROUP MANAGEMENT ACCOUNTANT

The Company. A medium sized international engineering Group with subsidiaries in the U.K., Europe and North America. The Group employs 3,000 and turnover is £40m.

The Job. To assist in the preparation and interpretation of group management accounts. To play a major part in appraising the performance of operating companies with a view to improving profitability and D.P. based management information systems.

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Brief but comprehensive details of career and salary to date, which will be treated in confidence, should be sent to E. J. Robins, Executive Selection Division at the address below. Please quote reference RF563 and include, if possible, a daytime telephone number at which you may be contacted.

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Management Consultants
Shelley House, Noble Street, London, EC2V 7DQ.

Merchant Banker for Australia

Hill Samuel Australia Limited, one of Australia's leading merchant banks, wishes to appoint a Senior Executive to join its Corporate Services Department in Melbourne. The principal responsibility will be to advise clients at a senior level on the full range of banking and investment banking activities. This will necessitate the applicant having a highly developed ability to communicate.

Applicants must have several years of experience in finance, preferably in the corporate finance department of a merchant bank and must be able to demonstrate initiative, sound commercial judgement and a high degree of analytical ability. The right person will probably be 26 to 35 years of age, will be a graduate or full member of a professional society and, preferably, will have gained a post graduate qualification such as an MBA.

An attractive remuneration package will be negotiated and all reasonable removal expenses will be paid for by the Company.

Initial interviews will be conducted in London. Applicants should send full details as soon as possible to:

R. C. G. Gardner,
Chief Personnel Officer,
Hill Samuel & Co. Limited
100 Wood Street,
London EC2P 2AJ

HS

Merchant Bank

Foreign Securities and Currency Settlements

Robert Fleming have clerical vacancies in their Securities and Settlement Departments. Applicants should be preferably under 25 and educated to 'O' level standard.

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Robert Fleming & Co. Limited, 8 Crosby Square, London EC3.
Tel: 01-638 5858.

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هكذا من الأصل

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LOOK

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Please write Box G.3175, Financial Times, 10 Cannon Street, EC4P 4BY.

YEMEN

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Reply to:
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LOMBARD

Too many join the game

BY NICHOLAS COLCHESTER

FEWER AND fewer people are *talking about rates of interest*; for today, in the business of raising money, the spread's the thing. The "spread" is the margin above the going rate which the borrower pays for his syndicated loan. Such loans now account for the bulk of cash borrowed on the international capital market. It has become unfashionable and expensive to pin down money for ten years at a fixed price. Today's long term borrower pays the market rate, changed every six months, plus as small a "spread" as he can get away with.

These spreads have been under pressure for more than two years. So widespread has discussion of this phenomenon become that it has led to a curious illusion that eurocurrency loans are becoming cheaper. A growing number of people are of the opinion that "the cost of borrowing is falling because the banking market is awash with liquidity."

The cost of money is, of course, the interbank rate. This is currently moving upwards past 11¾ per cent in a manner market that is "awash." Happily for the banker, today's borrower agrees to pay the going rate for dollars, whether scarce of plentiful. The spread, in contrast, is a banking fee, determined by competition in the market for banking services. It is thus affected only indirectly by money market conditions.

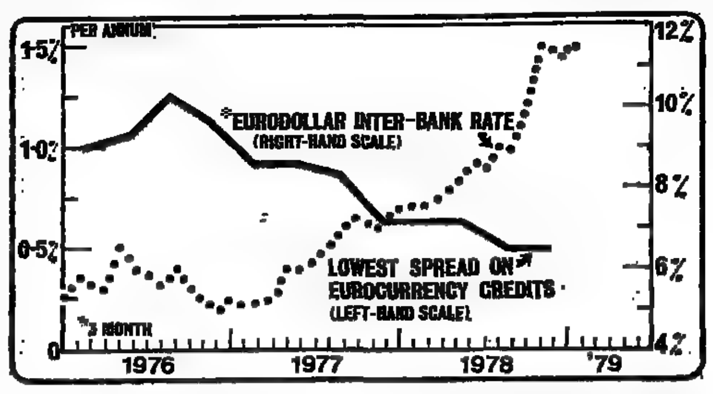
The chart shows how the cost of borrowed dollars and the cost of the banker's remuneration on a syndicated loan have been moving in opposite directions over the last two years. The interbank rate equates the international supply and demand for dollars, under the substantial influence of the Fed. The spread reflects the growing number of banks attempting to mediate between the two.

The number of participating banks should in theory stop rising, and spreads should stop falling, at the point where profitability on syndicated loans becomes inadequate or less than that available in other areas of banking. A sharp deterioration in the availability of dollar deposits should also do the trick: the number of banks making such loans has been able to rise because they have managed to attract short-term dollars in great volume at the going market rate.

Though some banks may regard such lending as a loss-leader, the profit constraint does appear to be biting. The U.S. banks have pulled back. They tend to fund a relatively large part of each loan with capital, which is expensive, and loan demand in the U.S. has picked up. Many international banks lend in a more highly-geared manner. Nevertheless the gearing must be quite exotic to allow profit at a spread of much less than ½ per cent. Perhaps this is why price resistance is building up at this level — so far no borrower has cracked the ½ per cent barrier.

It is the element of risk premium in the spread which continues to dwindle. Banks are offering lower spreads to riskier borrowers. They are exposing themselves to ever-longer periods of credit risk. This tendency looks set to continue either until everybody is borrowing at spreads of close to ½ per cent, or until alternative sources of banking profit assert themselves, or until a nasty shock alters competitive conditions in the banking market.

The risk premium may wax and wane, but it seems most probable that competition will hold the spreads on top quality loans closely in check from now on. The syndicated loan business has matured — which means that just too many players have joined the game.



EEC confronts UK over the tachograph

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

THE LORRY strike is hardly the best background music to the "spy in the cab" case which the EEC Commission brought against the UK and on which Mr. Advocate General Henri Mayras will present his Opinion to the European Court today.

Although I have sometimes had to confess to doubts about the wisdom of the Commission's actions, I hasten to say that I appreciate its current attempt to make roads safer.

The Commission started by harmonising national rules on minimum ages for drivers, the composition of crews, the length of driving periods and daily and weekly rest periods. A council regulation of 1969 required drivers to keep individual control books and these were to be replaced according to regulation 1463 of 1970 by a tachograph. With effect from January 1, 1975 member-governments were required to make it compulsory to install a tachograph in vehicles registered for the first time after that date and in all vehicles used for the carriage of dangerous goods irrespective of their date of registration.

However, the introduction of of the tachograph met with the strong opposition of British lorry drivers, and the British Government had to inform the Commission that a compulsory introduction of tachographs in the UK would be neither practical nor politic. Instead it enacted the Passenger and Goods Vehicles (Recording Equipment) Regulations 1977 which provide for a voluntary scheme applying to both national and international traffic, though operators whose vehicles cross the channel are compelled to install tachographs by rules in force in other member states of the Community.

The Commission said that this was not enough and, when it could obtain no better results in direct negotiations, referred the matter to the European Court on June 8, 1978 asking the court to declare that the UK had failed to fulfil its obligations under the Treaty.

The Commission has brought such complaints against other members of the community before but the present case (No. 128/78) is of great general interest because of the defence put forward by the UK.

The Commission has in the past succeeded in extending its powers by reference to the introductory articles of the EEC treaty which state the aims of the Community in broad and vague terms. However UK government lawyers were quick to grasp that this weapon could also be used by a member government. The UK asked the court to refrain from making a declaration because to do so would not promote the aims of the Community and could well defeat the objectives of Article 2 of the Treaty which requires that competition should not be distorted.

The UK Government pleaded that the imposition of the "spy in the cab," though acceptable to continental drivers, could in the UK lead to industrial action which would impose a heavy strain on the British economy. This would bring about a distortion of competition contrary to the aims of the Treaty, placing the UK at a serious disadvantage without giving any proportionate advantages to the Community as a whole. M. Mayras may or may not accept this argument in his submission today, but he can hardly fail to see what the Government had in mind when it pleaded the risk of damaging industrial relations.

* * *

THE ROOTS of the European science-based industrial civilisation can be traced back to the itinerant medicine men and lawyers of the Middle Ages, clerics fanning out from the universities at Oxford, Paris, Bologna and Prague, and Jewish mathematicians transmitting the achievements of Arab scholars on their migration across the continent, from Spain to Holland and to Central Europe. The recognition of foreign academic degrees and diplomas was no problem in those early days. It is now, and the European Court is grappling at present with yet another case of national reluctance to dismantle barriers to an intellectual integration of Europe.

The case No. 136/78 is that of Dr. Vincent Auer, of Austrian origin, who holds the degree of Doctor of Veterinary Medicine obtained in 1956 at the University of Parma in Italy. Since 1958 he has practiced veterinary medicine in Mulhouse in France where he obtained citizenship in 1961. In November 1962, however, the French Government adopted a decree which provides that veterinary surgeons who have acquired French nationality and hold a foreign degree can be authorised to practice in France only if their degree is recognised as equivalent to a French one.

Dr. Auer made numerous applications after 1962 for authorisation to practice in France but these were all rejected primarily on the grounds that his Italian degree is not recognised by the French Examining Committee as equivalent to a French degree.

The reasons for the non-recognition of the Italian degree were, according to the French Government, that parasitology and microbiology are only optional subjects in Italy and that pharmacy is not even taught there. To this Dr. Auer retorted that he had passed an examination in parasitology at Lyons University and had read microbiology and pharmacology at Parma.

It appears that Dr. Auer persisted in practising his profession without authorisation as he was sentenced in Mulhouse to four months' imprisonment, suspended, and ordered to pay FFr 10,000 to each of the two organisations of French veterinary surgeons which took part in his prosecution as "parties civiles."

Both Dr. Auer and the two French veterinary organisations appealed — the latter because they wanted to have Dr. Auer's surgery closed and his professional equipment and stock of vaccines confiscated. The Court of Appeal referred the case to the European Court asking whether Dr. Auer's practice in France was not legalised by Articles 52 and 57 of the Treaty of Rome which provide for freedom of establishment in the EEC.

Mr. Advocate General Jean-Pierre Warner, in his opinion given in December, rejected the French Government's argument that the case did not come under the provisions of the EEC Treaty as Dr. Auer was a French national. The Treaty he said, prohibits discrimination by a member state against its own nationals as much as against nationals of other member states. He also rejected Dr. Auer's claim that his experience and not only his degree should be taken into account.

The European Court had held in 1977 in the *Thieffry* case (ECR 765) that when dealing with an application for admission to practice, national authorities should make such assessment of the facts as would enable them to say whether a university degree constitute evidence of a professional qualification. From this Mr. Warner deduced that the national authorities could not deny a Community citizen his right of establishment on the simple ground that his foreign diploma was *in general* not recognised as equivalent to domestic diplomas. He proposed that the court should make this even clearer by ruling that no citizen of an EEC country should be precluded from practising his profession in another member State unless it appeared from the facts that his own qualifications were substantially less than equivalent to the degrees required in that country.

Should the Court adopt this recommendation, the freedom to practice professions throughout Western Europe would revert much closer to that which existed 300 years ago—let's hope with similarly beneficial effects.

Lorna Vincent and Stalbridge Belle look likely to win

RACING

BY DOMINIC WIGAN

LORNA VINCENT, enjoying *notable success in the south and* firmly established as the leading woman jockey under National Hunt rules, looks to have a bright chance of adding to her tally at Newton Abbot this afternoon.

She could do so in the opener, Division 1 of the Chelston Novices' Hurdle, in which she partners the course winner, Stalbridge Belle. On Boxing Day in a field of novices, Stalbridge Belle had a length victory over Larkrose, to whom she was conceding 3 lbs.

Although the time for the race was a disappointing one, the mare's performance in giving weight and a beating to Larkrose in testing conditions was undoubtedly a useful one. I take her to follow it with a clear-cut success over Hopeful Courage, to whom she will be conceding the best part of a stone.

A second possible winner for Stalbridge Belle's rider, and trainer, Les Kennard, is the in-form Thingummy, the one-and-a-half-length conqueror here of Suncharmer in the South Devon Hurdle, who then followed up at Chepstow.

With Hidden Talent and Pucka Fella absentees, Thingummy looks capable of making it a hat-trick.

There is no more difficult event on the card from a betting point of view than the three-and-a-quarter-miles Ellacombe Chase. A chance can be given to almost all the 12 runners.

Two who strike me as win and place prospects are Lucky Victory and Jimmy Miff, both of whom are previous winners over the course and distance.

The 10-year-old Lucky Victory ran an encouraging race on his reappearance when showing up well for a long way in Ascot's competitive SGB Chase won by Grand Canyon. Jimmy Miff, winner of the Rosy Brook Chase at Newbury, in which Carroll Street suffered the misfortune of a broken leather at the last, ran well when going down narrowly in the West Country Chase at the last meeting here.

Jimmy Miff, little more than a length behind Village Thief in the West Country Chase, could take advantage of the 8 lbs he receives from the three years older Lucky Victory.

NEWTON ABBOT

1.15—Stalbridge Belle*
1.45—Le Toy
2.15—Jimmy Miff***
2.45—Thingummy
3.15—Button Boy
3.45—Runner on the Roof
4.15—Finius**

TV/Radio

† Indicates programme in black and white

BBC 1

9.41 am For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Ragtime. 2.0 You and Me. 2.15 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Don and Pete. 4.25 Jackanory. 4.40 The Space Sentinels. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 Ludwig.

5.40 News.
5.55 Nationwide (London and South-East).
6.20 Nationwide.
6.55 Tomorrow's World.
7.20 Top of the Pops.
7.55 Blankety Blank.
8.30 Butterflies.
9.00 News.
9.25 The Good Old Days.
10.15 André Previn's Music Night.
11.05 Tonight.
11.45 Weather/Regional News.

All Regions as BBC-1 except at the following times:

Wales—5.55-6.20 pm Wales Today. 6.55-7.20 Heddiw. 11.45 News and Weather for Wales.

Scotland—5.55-6.20 pm Reporting Scotland. 11.05 Thursday Night. 11.45 News and Weather for Scotland.

Northern Ireland—11.30-11.50 am For Schools (Ulster in Focus). 3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 8.30-9.00 Spotlight on Northern Ireland affairs. 11.45 News and Weather for Northern Ireland.

England—5.55-6.20 Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

11.00 am Play School.
5.10 Open University.
5.35 News On 2 Headlines.
†5.40 Charlie Chaplin in "Easy Street."
6.10 In The Making.
6.30 Indoor Bowls.
6.55 When The Boat Comes In.
7.45 Mid-Evening News.
7.50 Newsweek.
†8.30 Midweek Cinema: "Beat the Devil" starring Humphrey Bogart.
10.00 Don't Forget to Write!
10.50 Accident.
11.40 Late News.
11.55 Closedown (reading).

LONDON

9.30 am Schools Programmes. 12.00 Little Blue. 12.10 pm Rainbow. 12.30 The Cedar Tree. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Money-Go-Round. 2.25 Danger UXB. 3.20 Parents' Day. 3.50 Looks Familiar. 4.20 Little House On The Prairie. 5.15 Mr. and Mrs.

5.45 News.
6.00 Thames at 6.
6.25 Help!
6.35 Crossroads.
7.00 Wish You Were Here . . . ?
7.30 The Jim Davidson Show.
8.00 Rising Damp.
8.30 TV Eye.
9.00 The Streets of San Francisco.
10.00 News.
10.30 Our People.
11.00 The Thursday Film: "The Mad Room."
12.40 am Close: Reading from Jung, with painting by John Bellany.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 4.20 The Next Week Show. 5.15 Emmerdale Farm. 6.00 About Anglia. 6.20 Arena. 7.00 The Six Million Dollar Man. 10.30 Wish You Were Here. 11.00 TV Movie "You Lie So Deep My Love." 12.25 am The Living Word.

ATV

1.20 pm ATV Newsdesk. 4.20 Little Vic. 4. 0 Island of Adventure. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 Survival. 10.30 Format V. †11.00 Place" starring Humphrey Bogart.

BORDER

†1.20 pm Border News. 5.15 Laverne and Shirley. 6.00 Lookaround Thursday. 7.00 Emmerdale Farm. 7.30 Mr. and Mrs. 9.00 Richie Brockleman—Private Eye. 10.30 Take The Mick. 11.00 Power Without Glory. 11.55 Border News Summary.

CHANNEL

5.15 pm Stars On Ice. 6.00 Channel News. 6.10 Link Up. 7.00 The Incredible Hulk. 9.00 Hawaii Five-O. 10.28 Channel Late News. 10.32 The Story of Wine. 11.00 Movie Premiere: "Assignment Munich." 12.40 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. .20 Dynomutt—The Dog Wonder. 6.00 Grampian Today. 7.00 Police Newsroom. 7.05 Emergency. 9.00 SWAT. 10.30 Star Treatment. 11.00 Reflections. 11.05 TV Movie: "Don't Be Afraid of the Dark." 12.25 am Grampian Late Night Headlines.

GRANADA

1.20 pm This Is Your Right. 4.20 The Life and Times of Grizzly Adams. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 The Bionic Woman. 9.00 SWAT. 10.30 What's On. 11.00 Late Night Thriller.

HTV

1.20 pm Report West Midlands. 1.25 Report Wales Headlines. 5.15 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Sports Arena. 7.00 Bionic Woman. 9.00 SWAT. 10.3 Cinema Special: "And Hope To Die."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20 Seren Wib. 4.45 Raven. 5.15-5.20 Cartoontime. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-7.00 Report West.

SCOTTISH

1.25 pm News Headlines and Road and Weather Report. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Garnock Way. 7.00 The Six Million Dollar Man. 9.00 Rafferty. 10.35 Laurence Olivier Presents Best Play of the Year 1973 . . . "Saturday, Sunday Monday."

SOUTHERN

1.20 pm Southern News. 4.20 Lassie. 4.45 Beachcombers. 5.15 Melotoons. 5.20 Crossroads. 6.00 Day By Day. 6.45 Dick Barton—Special Agent. 7.00 Emmerdale Farm. 7.30 University Challenge. 10.30 Southern News Extra. 10.35 People Rule! 11.05 Barnaby Jones. 12.00 What the Papers Say.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 4.20 Run, Joe Run. 4.45 The Little House on the Prairie. 6.00 Northern Life. 7.30 Snooker. 11.30 Side Street. 12.35 am Survival. 9.00 Hawaii Five-O. 10.30 Northern Scene. 11.00 Invitation Epilogue.

ULSTER

1.20 pm Lunchtime. 4.18 Ulster News Headlines. 4.20 The Life and Times of Grizzly Adams. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 7.30 Survival. 9.00 SWAT. 10.30 Counterpoint. 11.00 Hogan's Heroes. 11.25 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Stars On Ice. 6.05 Westward Diary. 7.00 The Incredible Hulk. 9.00 Hawaii Five-O. 10.28 Westward Late News. 10.30 Westward Report. 11.00 Movie Premiere: "Assignment Munich." 12.40 am Faith For Life. 12.45 West Country Weather, Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 4.20 Dynomutt. 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Survival. 9.00 Hawaii Five-O. 10.30 Wish You Were Here . . . ? 11.00 The Love Boat.

Radio Wavelengths

1: 1053kHz/285m, 1089kHz/275m	3: 1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz, 206m & 94.9vhf
2: 693kHz/433m, 909kHz/330m & 88-91vhf stereo	4: 1215kHz/247m & 90-92.5vhf stereo	Capital Radio: 1548kHz, 194m & 95.8vhf
		London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast

5.00 am As Radio 2. 7.20 Dave Lee Travis. 9.00 Simon Bates. 2.00 pm Tony Blackburn. 5.30 Newsbeat. 5.45 Kid Jensen. 7.30 As Radio 2. 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 David Allan (S). 7.32 Ray Moore (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoner's Walk. 12.30 Pete Murray's Open House (S). 2.30 David Hamilton (S). 4.30 Waggoner's Walk. 4.45 Sports Desk. 4.47 John Dunn (S). 6.45 Sports Desk. 7.02 Country Club (S). 9.02 Folkweave (S). 9.55 Sports Desk. 10.02 The Peter Goodwright Show. 10.30 Star Sound Extra. 11.02 Brian Matthew introduces Round Midnight including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Berwald (S). 10.05 Harrogate Festival 1978, Concert, part 1 (S). 10.45 In Short (talk). 10.55 Harrogate Festival part 2 (S). 11.30 BBC Welsh Symphony Orchestra (S). 1.00 pm News. 1.05 Bradford Midday Concert (S). 2.00 "Alzira," (S) opera in a prologue and two acts by Verdi. Prologue and Act 1. 3.00 Words . . . (talk). 3.05 "Alzira" Act 2 (S). 3.50 Violin and Piano recital (S). 4.45 Youth Orchestras of the World (S). 5.45 Homeward Bound (S). 6.30 News. 6.35 At Home (S). 7.30 World Theatre: "Britannicus" by Racine (S). 9.10 Islam in the Modern World (talk by Dr. Robin Ostle). 10.10 The Trio-Sonata (S). 11.10 A Time and a Place (S). 11.55 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today: Magazine, including 6.45 Prayer for the Day, 7.00, 8.00 Today's News, 7.30, 8.30 News Headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Mid-Week with Desmond Wilcox. 10.00 News. 10.05 Checkpoint. 10.30 Daily Service. 10.45 Morning Story. 11.00 Analysis. 11.45 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.27 The 27-Year Itch (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.10 Questions to the Prime Minister. 3.35 Afternoon Theatre (S). 4.35 Story Times. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Quote . . . Unquote (S). 7.00 News. 7.05 The Archers. 7.20 Time For Verse. 7.30 Kaleidoscope. 8.00 Live from the Royal Festival Hall, part 1. Weber, Liszt (S). 8.40 Goldring on China. 9.00 Live from the RHF, part 2: Mahler (S). 10.04 Weather. 10.05 The World Tonight. 10.30 Any Answers? 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hours. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Soul 79. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time from the House of Commons. 1.05 Close: As Radio 2.

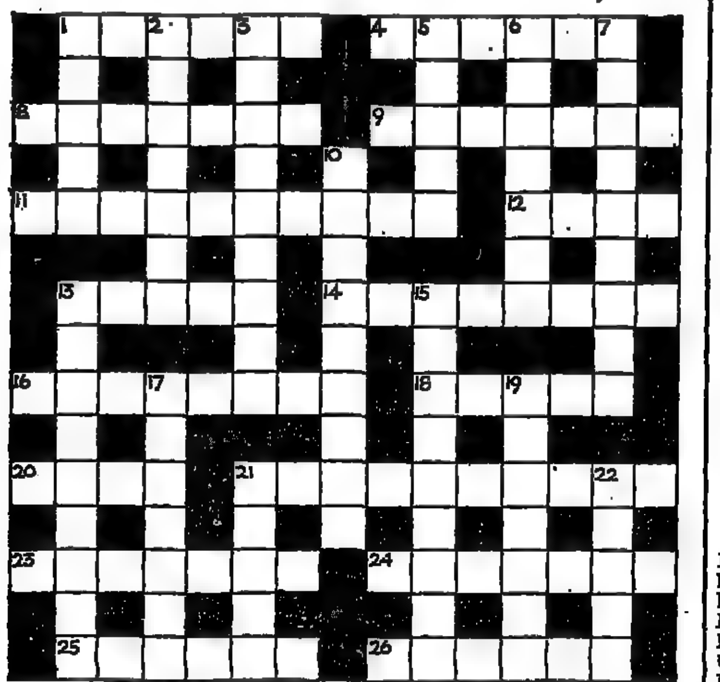
London Broadcasting

5.00 am Morning Music. 6.00 AM: News, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1 00 am Night Extra.

Capital Radio

5.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Mike Allen (S). 3.00 pm Roger Scott (S). 7.03 Lord George-Brown's Capital Commentary (S). 7.10 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,874



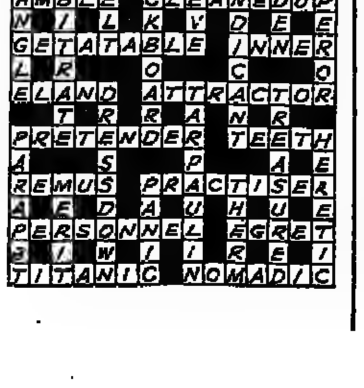
ACROSS

1 Political capital musketeer makes of pitiful quality (6)
4 Sickly doctor accepts right offer (6)
8 One acquiring a taste for embroidery (7)
9 Evil influence of protest rally on northern railway (7)
11 Links organised campaign with transmission system (5, 5)
12 Deposited pound when on assistance (4)
13 Part of square naturally used to stage action (5)
14 Enclosure a long time out of commission (8)
16 Allowance a student finds sensible (8)
18 Forbidden to put label twice round (5)
20 Promise to pay back school (4)
21 Paper welcoming celebrity needs to watch finshing line (6, 4)
23 Carry mine to a beastly 13 ac (4, 3)
24 He entrances Megan at disturbance (7)
25 Put in order as it came back perished (6)
26 Continue performing in current stage production (4, 2)

DOWN

1 Trespass gets cook in hot water (5)
2 Beef at league leaders? (7)
3 Exaggerated by superior persuaded to talk (9)
5 Flower for beast to look at (5)
6 Cooked one way right inside then cooked another way (7)
7 Courage of Democratic leader going astray over party (7, 2)
10 Trap friend taking expert to drinking den (3, 6)
13 Secluded state could leave one flat (9)
15 A pin-up girl is crazy (2, 3, 4)
17 Upset soldier—not a Communist—left out in the cold (7)
19 Beating part of artillery (7)
21 Wind the male leaving drink (5)
22 Sea-food for Pole to twist out of shape coming up (5)

Solution to Puzzle No. 3,873.



ENTERTAINMENT GUIDE

OPERA & BALLET

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THEATRES

[illegible]

CINEMAS

[illegible]

ART GALLERIES

[illegible]

CLUBS

[illegible]

THE ARTS

ecord Review

Hot-blooded Heroines

by RONALD CRICHTON

zet Carmen. Berganza, Cotrue-s, Domingo, Milnes/Ambro-an Singers, LSO/Abbado. 3 cords in box. DG 2709 083. 4.25. Cassette 3371 040. 4.85.
illa La Vida breve. Berganza, urreras / Ambrosian Opera horus, LSO/Navarro. El Amor ujo. Berganza/LSO/Navarro. records in box. DG 2707 108. 50. Cassette 3370 028. £9.90.
alla The Three-cornered Hat omplete). LSO/Mata. El Amor rujo. Mistral/LSO/Mata. RCA L (Cassette RK) 12387. Both 1.25.
choeck Penthesilea. Smith, errmann/KR SO and Chor., R Chor./Macal. 2 records in ox. Harmonia Mundi 49 22485. £8.70.

Placido Domingo and Teresa Berganza in "Carmen"

The new *Carmen* from eutsche Grammophon is the mous Edinburgh Festival pro-iction with two major cast anges. Once again Abbado nducts the London Symphony chestra and the Ambrosian ngers in a reading combining azing energy with meticulous finement of detail. Berganza's armen comes into even clearer cus on disc, the amoral ruth-ssness of Sevillian alleys ex-essed in terms of faultless assical singing—notes dead ntre, tone concentrated, inflec-ons lethally pointed. The sé of Placido Domingo also ins. In the theatre the superb ical quality and sincere acting are never in doubt but were irtly obscured by the difficulty e tenor had with the French ords—here he manages better. ven so, two English singers in e cast, Robert Lloyd as Zuniga nd Robert Harling as Morales this respect, beat him hollow.

The Micaëla, Ileana Cotrubas, wholly convincing, with naracter as well as style, and suggestion that in her shy ay this girl is as determined Carmen herself. The Esca-illo of Sherrill Milnes could ovviously throttle a bull with ne hand, and he does well by Si tu m'aimes, Carmen" in ct 4. Yet in a perfect world osé van Dam, the Escamillo the Solti/Decca set would nange places with Milnes, etter suited to the powerfully-unned but slightly over-fruity oice of Tatiana Troyanes, the ecca *Carmen*. With the ception of the nasty slither-g passage just before José nifes Carmen, Abbado's selec-on from the music restored the Oeser edition justifies self for gramophone purposes. for them, does Abbado's turn to the shorter version the duel scene.

Berganza is heard again as alud, the distraught, betrayed roine of Falla's *La Vida breve*, and as the voice of Candelas, the gipsy heroine of the ballet *El Amor brujo*. Any recording of *La Vida breve* must stand or fall by Salud, the only character in the opera drawn in depth by librettist and composer. Berganza will obviously be compared with los Angeles. Preference is a matter of taste. Berganza does not possess the shot-silk variety of tone colour of los Angeles, but her intensity and realism (once again expressed in singing of the finest quality) make her predecessor seem ladylike. No lover of this score (and lovable it is in spite of faults) would want to be without either interpreter.

The young Garcia Navarro conducts with an intensity to rival his heroine. Deutsche Grammophon have given him a luxurious team. I doubt if the broken-backed role of faithless Paco has ever been so well sung as it is here by José Carreras—the duet with Salud is a treat. Alicia Nafé makes more than a background figure out of the grandmother. The castanets of Lucera Tena add a fabulous brilliance to the dance scenes. There is even Narciso Yepes to stroke a few guitar chords. A pity that the engineering was not more sensitively done: the voices in the forge which punctuate the first scene with apophthegms (justified, no doubt) concerning the lot of the por in Granada are clumsily near.

Navarro's account of *El Amor brujo* is electrically tense and crackling dry. He understands what most conductors overlook, namely that there is a link between this score, originally written for chamber orchestra, and Falla's later music for small ensembles. The RCA version conducted by Mata, again with the LSO, is efficient but less interesting. Nati Mistral gives the songs in throaty flamenco style (she clearly has singing experience beyond that), enjoyable up to the point where one compares her with Berganza on DG, who has the rasp but combines it as ever with an adamant line — and Mistral misses, to take one detail, the essential diminuendo on the final "ay!" in the first song. The recording has glaring violins, even more obtrusive in the complete *Three-cornered Hat* on the reverse.

Some might say that the Amazon Queen Penthesilea was as much cold- as hot-blooded. At least the heroine of Schoeck's impressive opera is in a continual state of exaltation, first as wounded warrior, then as lover, finally as vengeful fury. *Penthesilea* (Dresden, 1927), in one long act of about 80 minutes, was based by Schoeck on Kleist's tragedy, using a reduction of the original text. The Amazons can only give themselves to a man whom they have conquered in battle. Penthesilea is in fact vanquished in the Trojan War by Achilles but is persuaded as she regains consciousness that it is the other way round. She and Achilles declare their love. When he reveals the truth she is appalled, takes up arms again and slays Achilles, not realising that he has presented himself unarmed, a willing captive. She then kills herself on his body.

Penthesilea is forceful stuff, in the line (more or less) of *Elektra*. Both in temper and in detail the over-wrought atmosphere of Kleist's tragedy is surely caught. The off-stage trumpets are like puffs of gunsmoke, the wild whoops of Achilles's men make *King Priam* sound like a garden-party. hTe score is chromatic, with opposed tonal centres, F sharp for Penthesilea, C for Achilles: nothing original in that Tritonal opposition but Schoeck handles it as though it were new. There are passages like the big duet for the two lover-enemies on side 2 (added for Zurich after the Dresden premiere) of broad yet uneasy diatonicism.

The recording from Harmonia Mundi is warmly recommended. This was a concert performance at the Lucerne Festival of 1973, an event which went some way to make up for Swiss neglect of one of their finest composers. undfunk was the movink spirit. The performers came mostly from Germany—Westdeutsche with the Cologne adio Symphony Orchestra and the Choirs of Hamburg and Cologne Radios. Zdenek Macal conducts a performance which has plenty of dramatic presence and some forgivable untidiness. The resonant Lucerne concert hall ?—?— much of the instrumental detail (the pianos are too far back) but is kind to the voices.

Very good voices, too: the title role is sung by Carol Smith, an American mezzo of firm and ample tone.

The part is low. Miss Smith takes the higher alternative when there is one and makes a few minor adjustments. Among the attendant Amazons Barbara Scherler as Meroe and Hanna Janku as Prothoe are outstanding. The Achilles is the strong and steady-voiced baritone oland Herrmann. This is not the kind of opera of which one can expect alternative recordings—don't let this one slip by.

Cologne City Opera

Ariadne and Aschenputtel

by ELIZABETH FORBES

The orchestras of the many opera houses along the Ruhr and the Lower Rhine are never less than competent, but a visit to the Cologne City Opera at the end of a week-long tour of smaller theatres underlined very forcibly the great gap between competence and excellence. The Gürzenich Orchestra of Cologne is a first-class body which, especially since the appointment of John Pritchard as chief conductor, plays with a refinement and sensitivity that the resident bands of many more illustrious establishments cannot or do not often achieve. Both in *Ariadne auf Naxos*, conducted by Mr. Pritchard, and in *La Cenerentola*, conducted by György Fischer, the Cologne musicians contribute substantially to the succes sof performances rewarding in other ways as well.

The *Ariadne* is a restaging by Jean Pierre Ponnelle of his own production of the Strauss/Homfannsthal opera, second version. Set firmly in the Vienna of 1916—the place and date of the first performance of this version—the Prologue reveals a garage-cum-stable-yard that has been converted into dressing-rooms for the singers and comedians. Zerbinetta is lodged in a decrepit old *fiaker*, while a gleaming new open touring car competes for her officer-admirer's attention. With his arm in a sling to explain his absence from the Front, he is so fascinated by the car's innards that he allows his pistol holster to be abstracted by one one the clowns. At the end of the Prologue the gun is taken by the Composer who, after the performance of his Opera, returns to the stage and shoots himself during the curtain-calls.

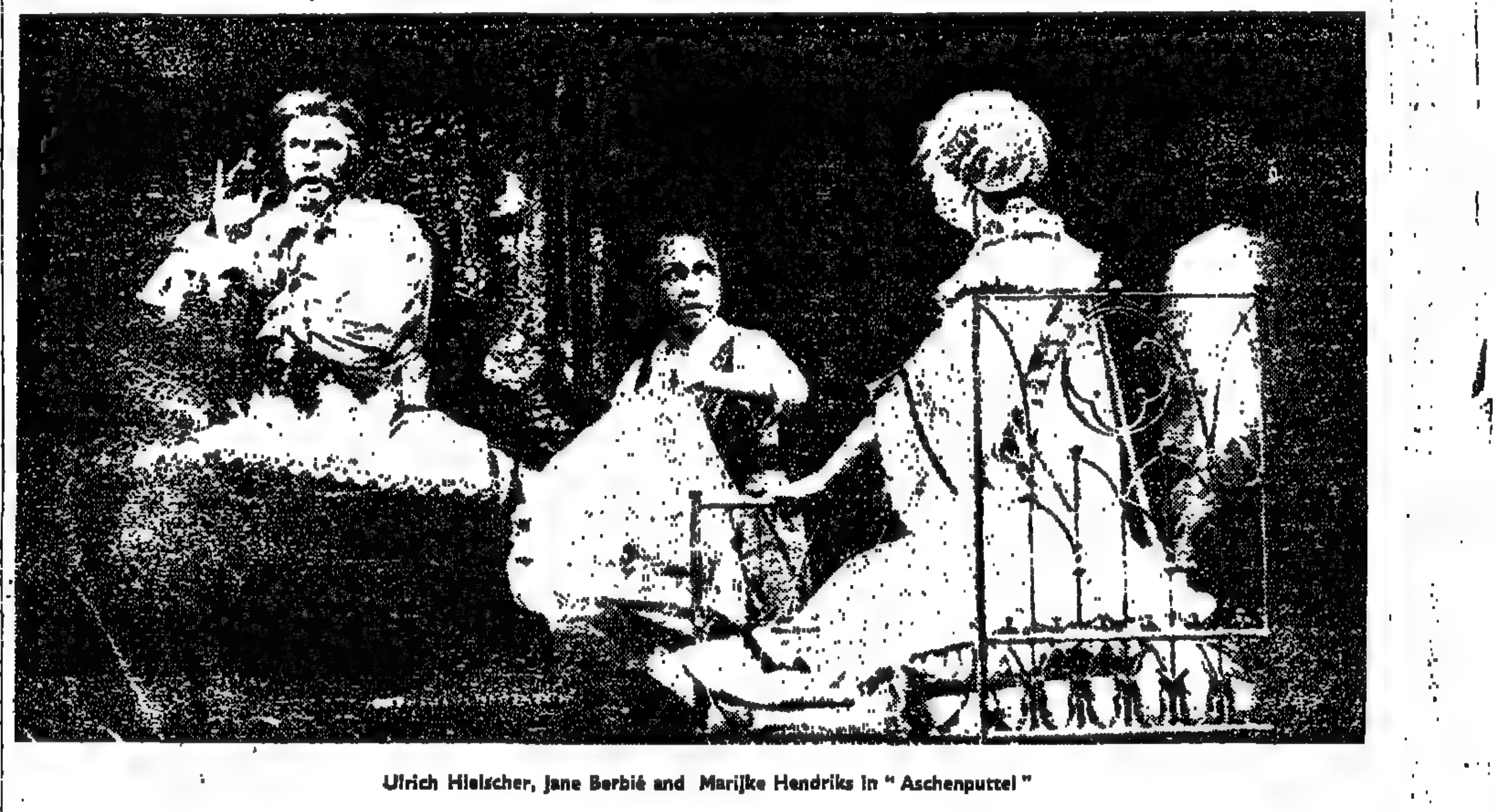
This addition to the author's scenario is presumably motivated by the suicide of Hofmannsthal's own son 13 years later. It is followed, in place of the promised fireworks, by a barrage of artillery fire recalling the date: 1916, year of Verdun and the Battle of the Somme. In most respects. In most respects, though, the production is one of Ponnelle's more thoughtful, less distracting efforts. iHs setting for the Opera itself, a Baroque fountain in a shadowy garden, magically lit, is quite bewitching. Even the Harlequinade does not tempt him into over-extravagance, apart from a miscalculation towards the end of Zerbinetta's aria, which brings premature applause. The arrival of Bacchus and his acceptance of Ariadne work perfectly without need for ship or transformation.

Yvonne Minton makes a superb Composer, flooding the theatre with golden-toned but always dramatically purposeful singing. Scarcely less striking is the Music Master of Zoltan Kelemen, a positive character far removed from the usual benevolent nonentity. Hubert Möhler's business-like Dancing Master is also quite unlike the camp figure of tradition. Few Zerbinetta's are as happy in the lyrical music of the Prologue as in the bravura displays of the Opera, but Janet Perry, enchanting in the little love scene with the Composer, also gives the coloratura of "Grossmächtige Prinzessin" expressive significance. Neither Kay Griffel's Ariadne nor William Lewis's Bacchus possesses the ideal richness of voice to fill out Strauss's vocal line, but both sing intelligently and act with conviction.

A strong quartet of Clowns and a well-balanced trio of Nymphs add to the pleasures of the performance. Though orchestral climaxes are satisfyingly full, it is the chamber-music-like delicacy of much of the score that Mr. Pritchard evokes so memorably. That *Cenerentola*—or rather *Aschenputtel*, as Rossini's opera is sung in the vernacular—has an equal and even more unexpected delicacy is partly due ot Mr. Fischer's feather-light touch with the baton, and partly to the excellence of Joachim Popelka's German translation, which frequently manages to reproduce the sound of Ferretti's original Italian text: the second-act sextet of astonishment, with its reiterated and rolling "r's" is a particularly good example.

The brand new production, by Hans Neugebauer, borrows some detail from the Ponnelle staging, seen in London during the Scala visit to Covent Garden, but after an over-fussy first scene during which Clorinda and Tisbe—surely a little too old for such games—play excessively with their dolls, it settles down into a fluent and unobtrusive presentation of the familiar story. Jörg Zimmermann's imaginative sets — an extravagantly tumbledown castle for Don Magnifico, a riotously elaborate palace for the Prince —and Marion GFerret's attractitve costumes provide the fantasy lacking in this version of Perrault's fairy-tale. The Prince searches for Cinderella by ship while a storm-tossed rowing-boat is the scene for Dandini's secret confession to Don Magnifico.

Jane Berbié sings the title role with burnished tone and an easy command of the florid music. She makes a sympathetic Cinderella, but it is unlucky that her "ugly" Sisters, Georgine Resick and Marijke Hendriks, should look so very young and, despite grotesque makeup, so very pretty. Miss Hendriks (Tisbe), still a member of Cologne's Opera Studio, has a delightful mezzo voice to match her pleasing appearance and shows promise of unusual dramatic ability. Wolf-Hildebrand Moser, an agreeable Don Ramiro, has the high-lying voice though not yet the technique for the role. Timothy Nolen's exuberant Dandini commands the stage whether as pseudo-Prince or genuine valet. Don Magnifico is scrupulously sung by Ulrich Hielscher while Thomas Thomaschke lends impressive voice and presence to Alidoro.



Ulrich Hielscher, Jane Berbié and Marijke Hendriks in "Aschenputtel"

lew York Public Theatre

Weakness of the workshop

by FRANK LIPSIUS

With only three recent productions, Joseph Papp's the Public Theatre sems to be relinquishing its position as the preeminent, inexhaustible pool of resh theatre for New York. Its huge premises in a former library still stay lively with series of little known films and poetry readings meant for a clienttele which, like the building itself, is conveniently situated between the fashionable west side of Greenwich Village and the more exuberant, younger and less established east village.

Two of the recent productions were labelled "workshops" to designate works in progress. High expectations awaited Thomas Babe's latest work, a look at the American west which, if nothing else, would embody the verbal skills that Babe displayed so impressively in *A Prayer for My Daughter*. If the workshop idea meant anything, it seemed to fit this notion of giving a proven, exhilerating playwright the chance to take on new ambitions —even if they amount to little more than their versions of an almost predictable debunking of the myths of the American west, the American male and the American male in the American west. But if *A Prayer* . . . was any guide, the more hackneyed the subject, the more original the treatment.

Fathers and Sons, the resultant work, was a disappointment in all ways except that the workshop designation clearly understated the high quality of the production undler the direction of Robert Allan Ackerman, with an evocative western saloon provided by designer Marjorie Kellogg. The cast, from stars Richard Chamberlain and Dixie Carter ot William Robertson as an old prospector-type, also seemed unaware that they were only in a workshop production.

Babe never lifted the play out of the mire of clichés that infuse the subject like whisky in the bloodstream of a desperado. Chamberlain plays an aging, nearly blind Wild Bill Hickok, who is comforted in his decline by drink, cards and Calamity Jane. Into this malingering pub brawl comes a transvestitekiller intent on hounding Hickok to the grave.

The saloon, the card-playing and the characters are vintage Americana — or at least vintage American myth. So too in a way are the occasional songs, which are intended I suppose to be a joke, but their Randy Newman word-heavy style make the joke (and songs) fall flat. If Babe's wordiness conceals a point that is struggling to get out, it has to do with a much beloved person's victimization by a misfit; because the misfit has the weapon he controls the place. It is a point with profound ramifications for civic courses on democracy, but it is not explored with any depth, and even if it were, there is no likelihood that the dramatic potential of the play would have been improved.

The opposite effect was produced by the other workshop production, director Andrei Serban's interpretation of *The Master and Margarita*, which is a splendid realisation of Bulgakov's visual novel. Performed in a make-shift version of an arena stage, with platforms of different levels ex tended across the length of the room, each of Bulgakov's scenes is reproduced in a visual extravaganza that recreates the tortures of Christ in the fleshy colours of renaissance art, while the seediness of contemporary Russia is evident in the characters' dress, manner, surliness, and petty conniving.

Serban made a tremendous impact in New York two years ago with his production of *The Trojan Women* at La Mama. This project brings back the quality of that work, for here he can not only be a supremely visual artist (as shown elsewhere, like his *Cherry Orchard* at Lincoln Centre), but in addition he vigorously moves the actors around the stage with finesse and precision. Serban enhances the Bulgakov story with simultaneous acts on different parts of the stage, and the graceful, almost natural, change from an ancient scene of Jesus, Pilate, and the Jewish High Priest to a Moscow street where Woland's prediction of death comes true and the head of Berlioz, the chairman of the Writers Union, is thrown around the stage. Also, Bulgakov's sleight-of-hand card tricks take on added meaning with Serban's vaudeville show, where dispensing money around the room is enough magic for the avaricious crowd.

Where it works, th workshop format seems unneccesarily hesitant, as with *The Master and Margarita*. In its present form it would enjoy a long run, and considering it required a cast of two dozen, the effort seems unfortunate when confined to a few weeks. Similarly, with *Fathers and Sons*, where the workshop did not work out so well, it seems a shame to have assembled such an impressive cast and set for a play that needs more work. Papp's willingness to experiment in this way, though, is admirable.

The one real opening at the Public recently was E. L. Doctorow's *Drinks Before Dinner*. Starring Christopher Plummer as a bored and boring success in life, the play was expected to be a witty and urbane look at contemporary life from the heights of success and New York penthouses. In fact, what the pleviglass and chrome setting reflects is only a boredom of having nothing left to say—or think about—when success was the only goal and has been achieved prematurely (Doctorow is well-known for a supposedly serious book that also mistook mannerism for style—*Ragtime*).

A scene from "Drinks Before Dinner"

Festival Hall

Shostakovich

Bernard Haitink and the London Philharmonic Orchestra gave as the principal offering of Tuesday's concert the difficult, violent, magnificently courageous Fourth Symphony of Shostakovich. The interpretation, though it had not yet fully sunk beneath the orchestra's skin, was already of such craggy intelligence and fierce dramatic power as to inspire hopes of many further performances by the same combination of forces.

Not all the monumental orchestral problems will be solved the first time around, nor should one expect them to be. Last night the violent strands of counterpoint that propel the unorthodox argument of the first movement along were not always either tidily meshed or sufficiently explosive of character at the same time; and not all the first-desk soloists were like the excellent first bassoon in being able to reserve sufficient stamina, after all the *fff* explosive outbursts of the first movement, for an individual, lyrical response to the equivocal, bleak, beautiful turns of mood of the third and last movement.

The most important things in the music were already understood and communicated. A Mahler conductor of Haitink's stature will—it hardly needs saying—exert the full force of his symphonic mastery upon the ironic, peculiarly witty, finally tragic last movement; I have never before been so acutely conscious of the way the Mahler First Symphony provides its springboard (and at the same time the material for a strange and un-Mahlerian alchemy). But Haitink's greater achievement was to show just how many themes first expounded in this youthful, controversial, supposedly "experimental" work were to absorb and even obsess the composer decades later, most significantly in the creation of his 15th and last symphony.

It was not just because both works, in their stretches of sustained near-motionlessness, regularly provoke London audiences to bursts of hideous eldritch coughing that one became aware of the affinity, spanning 40 years, between the two works. And the notable difference: the Fourth is the untrammelled, and sometimes uncouth, assertion of a young master, whereas the 15th is the spare, undemonstrative cerebration of mature genius.

MAX LOPPERT

Charitable trust to aid Brighton Festival

Businessmen in London and Brighton have formed a new charitable trust to give fianancial support to Brighton Festival. Launching the Trust Sir John Read, chairman of EMI, who lives in Roedean Crescent, Brigton, said: "With rising costs due to inflation, there is a growing need to create a fund—if possible of £250,000—to ensure the festival's continued success and the preservation of its high standards. The festival deserves support from all who care for music and the arts."

The Trust, a company limited by guarantee, was incorporated in July 1978, and will shortly receive formal charitable status from the Charity Commissioners.

The trustees are all Brighton area residents.

Ian Hunter, the festival's artistic director, was also involved in the formation of the Trust, whose treasurer is Bryan Badger, manager of National Westminster Bank, at 137 North Street, Brighton.

The Trust's objects are to promote and encourage an appreciation and study of the arts in the Brighton area and its adjacent communities through the medium of the festival. In addition to sponsoring one or two events during this year's festival, the Trust hopes ultimately to establish a capital fund, the income of which will be used annually in support of the festival.

The 1979 festival again takes place from May 5-19.

Elizabeth Hall

Beaux Arts Trio

by DOMINIC GILL

A record company's slogans are never to be taken with less than a pinch of salt ("All the great names are on EMI"—and where, one is tempted to ask, are all the great musicians?). For once, however, the banner of the Beaux Arts, which grandly proclaims "the world's finest piano trio," needs only the barest modification. *One of* the world's finest piano trios, perhaps—and indeed they are that: for nearly a quarter of a century now, a familiar and much-loved ensemble around the world, regular visitors to London, whose records will figure prominently in any discriminating chamber-music collection.

At their recital on Tuesday evening, the first of two in the Elizabeth Hall this week, they gave us only two works, Schubert's E flat trio and Beethoven's Archduke—each one an account of marvellous clarity, elegance and refinement. How exactly every phrase, every note, is dovetailed and gauged —and yet how fresh each one emerges! I treasure the Beaux Arts' records of the Schubert trios: and this live performance, recognisably by the same artists, amplified and elaborated much familiar detail. In the great andante, above all, taken at the same slow but wonderfully vibrant *con moto*, the same pungency and lyrical poise embraces the whole of the Schubertian gamut from deepest world-weary sadness to the grandest exultation.

In their Archduke there was no false step, and hardly an imperfect one—what is a fleeting dynamic coyness, or a ritardando faintly overstepped, in such a rapt and joyous context? Every line and nerve of the music was taut and finely tuned. *On Tuesday there were* two or three empty seats: tomorrow, when the Beaux Arts give the other Schubert trio, and Beethoven's op. 70 no. 1, there should be none at all.

Sadler's Wells 1979

Once again Sadler's Wells has managed to come up with a full programme of visiting companies to perform at the theatre in 1979. Forty weeks are already spoken for, and there are hopes that the Komische Oper from Berlin will take up some vacant weeks in the autumn if a sponsor can be found to pay the £90,000 in installation costs.

Among the companies visiting the Wells for the first time are the Iraqi National Dance Company, which appears on March 12 for a week; the Bolshoi Puppet Theatre of Leningrad, which arrives a week later; and the Kent Opera, which celebrates its 10th anniversary by playing for a week from April 17. On June 12 the Finnish National Opera and Ballet company is in residence for five nights; and after it there is a season entitled Vienna Nights which will include selections from favourite operettas.

For the rest it is very much the formula as before with two appearances of the Sadler's Wells Royal Ballet and the London Contemporary Dance Theatre, a Ballet Rambert season in July; Scottish Ballet in August; Paco Pena in late September, and two weeks of Handel Opera in October and early November. Around Christmas D'Oyly Carte is expected to perform Gilbert and Sullivan once again.

There is a desire at the Wells to present more opera and to celebrate the forthcoming 50th anniversary of the building in 1981 with renovations. Thanks to the success in attracting business friends, Sadlers Wells made a small profit in the past financial year. The precarious balancing trick should be achieved in 1978-79 under a new clerk to the governors who should be appointed soon to replace Douglas Craig.

A.T.

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Living with Case D

WHILE THE Prime Minister talks at last of discipline and of the possibility of trade union reform, and the Cabinet prepares to contemplate a State of Emergency, the Government's White Paper on public spending is a document from the world of might-have-been.

Nothing in it makes sadder reading this week than the economic projections on which it is based. These give three alternatives. In the modern fashion. In Case A, we are in an idyllic world in which the Government's 5 per cent policy is more or less universally observed, leading to 7 per cent wage increase this year, with such success that cost push moderates still further in future years. Result: steady growth, surplus and happiness.

Case B, the "central" assumption in this dream world, again assumes total success this year, but no further decline. Wages and inflation settle in mid-single figures, at some cost in growth and investment. In case C, the cautionary projection, wage push settles at 11 per cent annually. Inflation *remains in double figures*, competitiveness suffers, exports and growth slow down, and investment is near as tandstill. What is more, the natural buoyancy of revenue is no longer enough to finance the 2 per cent annual growth in real spending which is planned.

Militancy

Unfortunately even this may be unattainable, at least for this year. We are living through a convulsion of militancy which is disrupting output and will raise wages by a figure which is still hard to estimate. The prospects for revenue and funding are problematic. This is Case D.

There remains that most significant figure in the whole White Paper: the public sector borrowing requirement. Even on the idealistic wage assumptions used, this remains virtually unchanged in real terms, and is likely to rise in Case C. What would emerge on realistic assumptions is guesswork: but it is clear that the warnings of fiscal squeeze from the Prime Minister and the Chancellor are no bluff. In the real world, the White Paper shows that the need for action is unarguable.

But does this need arise purely from wage pressure? The White Paper seems to suggest that the planned growth of public expenditure is perfectly manageable in the optimistic cases, but becomes a problem when the real growth of the economy falls near or below the growth of spending. This implies that instead of competing for limited resources, the public and private sectors are like crops in adjoining fields, which flourish when the weather is favourable, but wither when it is foul.

It seems on this evidence that the planners have not yet grasped either the real world or the financial implications of a monetary policy which attempts to mirror the real world of restricted resources. The fact is that although growth produces extra revenue, it also raises private demand for credit. Public sector borrowing must be reduced not to punish militants, but to make room for growth.

The fact which is nowhere clear in the White Paper is that the need for cuts is dictated by the fact that the borrowing requirement is *already* excessive. The enormous rise in interest rates this year came before the militants broke loose. It was necessary to choke off private credit demand to leave room for public borrowing within official limits. Growth was bound to fall.

Abnormal

This did not happen because last year's growth of public spending in real terms was anything very abnormal. The apparent rise of over 6 per cent in volume terms is half accounted for by purely financial items — the refinancing of nationalised industry borrowing, the accounting treatment of the sale of BP shares, and so on. Real growth in spending on goods and services was probably about 3 per cent — and even this reflects an abnormal shortfall in 1977-78 rather than any excess this year. It is the actual *level* of programmes long planned which implies either excessive taxation or excessive interest rates, and inhibits the productive economy.

To correct this balance, one of three things must be done if still further damage is to be avoided. The real burden of the public sector must be cut, either through a relative fall in pay rates or cuts in manning; or extra money must be found through higher indirect taxes.

These are not just measures to meet an emergency; they must be the basis for any programme for recovery. Even if the present Government could muster the courage of its apparently sincere monetary resolve, it is in no position to launch a long-term programme of any kind. The White Paper, which shows that even apparently modest plans impose unacceptable burdens, would pose hard questions for a strong Government.

Rhodesia's war goes on

THE EXTENT to which the British Government has become an impotent spectator of the tragedy unfolding in Rhodesia was graphically underlined yesterday by Hr. Callaghan's statement to the House of Commons. He told thet House that Mr. Cledwyn Hughes, the latest in a line of emissaries sent to Africa to assess the prospects for al all-party Rhodesia conference, had concluded that at present no good purpose would be served by such a meeting. Such was the gulf between the protagonists—on the one hand, Mr. Smith and his partners in the "internal" settlement agreement, on the other, Mr. Nkomo and Mr. Mugabe of the Patriotic Front guerrilla alliance — that any conference called now would end in failure.

Empty hands

The Prime Minister ritually declared that Britain would not give up its attempt to achieve a peaceful solution, but he offered no concrete suggestions as to what could be done. That is hardly surprising, for the Anglo-American negotiating hand is empty and for the moment there is little more the two governments can do than watch the conflict from the sidelines. The reason is simple. As Mr. Hughes' gloomy report points out: "Each side in the war is convinced that it can reach its goal—or at least not lose—by continuing to follow its own present policies."

In the case of the Patriotic Front, this means an escalation of the guerrilla war and the imposition of a solution favourable to the alliance. In the case of the Salisbury partners, it means struggling on with implementation of their own settlement agreement in the hope that this can somehow win support from black Rhodesians, inside and outside the country, and thus be sold to the West. To this end, statutory racial discrimination has now been scrapped, white Rhodesians will vote in a constitutional referendum at the end of this month, and elections under a "one man one vote" constitution are meant to be held in April.

But with the guerrilla war intensifying steadily, it is hard to see genuinely free and fair elections being held in April. Equally, there seems little chance of the international community recognising the "Government of National Unity" which is meant to emerge from the poll. It is striking that Mr. Rollo Hayman, the Rhodesian Minister of Internal Affairs and the man responsible for preparing the election, resigned from the Salisbury Government last month, arguing that the poll would not be recognised, that sanctions would not be lifted and that the new Government would fall within a matter of months.

Deterioration

Against such a background, there is a slim chance that the Salisbury partners might be more amenable to realistic negotiations after April—but this in turn is likely to make the Patriotic Front more uncompromising in its demands. Mr. Nkomo and Mr. Mugabe are still nowhere near winning the war, but the blows they are inflicting on the Salisbury regime are growing more and more serious.

The Salisbury government and the Patriotic Front seem determined to plunge on into the abyss, with every danger that the situation will deteriorate steadily until there is a full-blown civil war. This is not a prospect which can possibly please either South Africa, on which Mr. Smith ultimately depends, or the Front Line states, on which the Patriotic Front depends. But neither Mr. Botha nor the Front Line Presidents seem able or willing to bring about a negotiated settlement which would avert this danger.

PUBLIC SPENDING WHITE PAPER

ECONOMIC VIEWPOINT: THE BROADER CONTEXT

The problem of the Government's response to a pay breakdown

I will have such revenges
on you both
That all the world shall—
I will do such things—
What they are yet I know.
not—but they shall be
The terror of the earth.

These utterances of King Lear fit all too aptly the obscure threats of terrible budgetary and monetary retaliation to punish execessive wage increases repeated by the Prime Minister and Chancellor on Tuesday night —but underplayed in the media, which concentrated on harful cosmetics such as the strengthening of the Price Commission.

Unfortunately, the new Public Expenditure White Paper throws little light on the Government's actual and likely response to the pay breakdown in the budgetary or any other sphere. It has been circulating in Whitehall since last autumn and is expressed in terms of "funny money" rather than what would actually have to be spent.

The White Paper shows that public expenditure in so-called volume terms took a nose-dive of over 7 per cent in the financial year which ended in March 1978, but is estimated to have shot up again by 6.2 per cent in the year now ending. *The size of the switchback is* exaggerated by statistical quirks. A fairer picture is of a public expenditure explosion in 1974-75, the year of the two elections, followed by a period of rough stability. The Government target is now moving from stability to an annual volume increase of 2 per cent in the years ahead. Even allowing for some excesses, this is roughly in line with the trend growth of the national product.

The big question is what the 2 per cent volume increase will look like in cash terms and whether it can be accommodated without either large tax increases or emergency public spending cuts which are difficult for Labour before an election. Last November's estimates of the public sector borrowing requirement in actual as distinct from funny money, was £8bn for 1978-79 and £8½bn for 1979-80. They were coupled with a money supply growth target of 8 to 12 per cent in the year from last October.

These targets were already supposed to be geared to an inflation rate in single figures. If unions gain "excessive" wage increases and the financial targets hold, they will price their members out of jobs on existing government policies. If this is so, why the talk of reinforcement? Why not merely reaffirm existing guidelines?

One reason is that the published PSBR forecasts are probably out of date. Even before the wage crisis, some experts feared that next year's PSBR could come to £9bn or more. Secondly, there is psychology. Labour leaders deliberately built up "monetaris" as a bogey in order to sell incomes policy to the unions. Dissenting economists were cynically written off as Right-wing Tories irrespective of their real outlook. Labour's leaders have rarely explained, except to esoteric City audiences, why they themselves were pursuing semi-monetarist policies and what the results were likely to be. The Chancellor is now likely to have to tighten budgetary policy in a way which would not have been necessary if he had explained what he was doing in the first place.

Relative rise

Thirdly, the impact of a pay policy break down on the borrowing requirement depends not so much on the size of the wage explosion as on the relative rise in public and private sector wages. There is a mood of near hysteria in some Whitehall circles about the collapse of incomes policy disturbingly reminiscent of the "Britain is ungovernable" mood of 1974.

But despite the exaggerations, some pay explosion is inevitable. This is the price of three-and-a-half years of attempted enforcement of arbitrary and uniform pay norms. It would be astonishing if the normal processes of adjustment of relativities and differentials—highly imperfect though these are — could be suspended for so long without generating intense conflict. Three years' worth of strikes have been concentrated into three months.

'EDUCATIONAL' INCOMES POLICY, STAGE ONE

Annual average per cent changes at 1975 prices

	1964-73	1973-77	1977-82 case A	1977-82 case B	1977-82 case C
Consumers' expenditure	2.7	−1.1	3½	3½	2½
Government consumption	2.5	2.1	1½	1½	1½
Gross fixed investment	3.5	−2.2	2	1¾	½
Exports of goods and services	6.4	4.6	5¾	5¼	4½
Total final expenditure	3.5	0.1	3½	3¼	2½
Imports of goods and services	5.8	−0.6	5½	5¼	4¼
GDP (market prices)	3.0	0.3	3	2¾	2
GDP (factor cost)	3.0	0.4	3	2½	2
World trade in manufactures	10.1	5.1	6½	6¾	6½

For explanation see text of article. *Source: Public Expenditure White Paper*

Published reports are certain to give an exaggerated impression of the rise in private sector settlements. When sanctions were in force, everybody had an incentive to pretend that settlements were worth 5 per cent when they were really worth far more. In the present phase union leaders have to show their virility—by publishing the highest possible percentages. (One recent settlement, described as 15 per cent was privately costed by the employers at 11 to 12 per cent). The CBI's estimate for earnings in the current round (including drift) is 11 to 14 per cent. This is still too high, but a long way from the 30 per cent rises of 1975.

One danger is that the Government will try to persuade itself and others that it is holding the line on public sector wages, even if the public sector is really leading the field. The danger is not the abandonment of the 5 per cent norm under the guise of low pay concessions, but the promised relativity inquiries.

The Treasury is keen on job-for-job comparability studies on Civil Service Pay Research lines, as part of a settlement with public service manual employees. But the unions concerned insist on a broad comparison with industrial pay generally. Treasury-type studies might well show that many public service employees are at least as well paid as their eqivalents in the private sector; while comparison with the manual average could lead to very large rises. Mr. Callaghan glossed over the differences between the two approaches in his speech on Tuesday. But does anyone doubt that the public service workers will get hefty increases, and probably backdated ones at that? This is another example of incomes policy machinery adding to the forces of wage push instead of reducing them.

These developments are reasons not for draconian fiscal punishments, but for extra caution in framing the 1979-80 budget. To put figures on it, Mr. Healey would be well advised to reduce his money supply targets range by a point and to aim for a public sector borrowing requirement of no more than £8bn in the coming financial year.

How tough a budget will this mean? There will be a great deal of scope for partisan skirmishing about what is a tax increase and what is not. The White Paper assumes the indexation of the specific duties on tobacco, alcohol, petrol and so on. This is not the existing law: and to introduce it would involve Budget resolutions and headlines about "1p on the pint" etc. If the Chancellor is not to lose £500m. On the other hand, the White Paper assumes the indexation of both personal income tax allowances and the bands for the lower and higher rates. Except for the higher rates, this is already law under the Lawson-Rooker-Wise amendments, which the Chancellor would need a budgetary resolution to rescind. If he did so he would gain about £1.2bn — enough only on an optimistic view of the budgetary outlook and of public sector pay.

It must be reported that one leading embassy in London has prepared an analysis on the assumption that the Government presses down harder on prices than wages and that in addition the Budget is too weak. The result is that monetary targets are achieved, if at all, through high interest rates and credit curbs and that even if inflation is partially contained, profitability and investment will be hard hit.

Growth of output

The Public Expenditure White Paper makes an attempt to throw light on these wider questions by means of the table reproduced here, designed to show how rapid increases in wages will reduce the growth of output.

Case A is Alice in Wonderland, with average money earnings (not just settlements) rising by 7 per cent this year and then by a yearly average of 5 per cent. Case B assumes 7 per cent earnings growth—i.e., the original 5 per cent norm plus slippage — over the five-year period. Case C assumes a yearly earnings increase of 11 per cent. A shift from the most to the least "optimistic" case reduces the annual growth of output from 3 to 2 per cent. Over five years this is the difference between unemployment levelling off (a further fall is not envisaged anywhere in the White Paper) and its rising to over the 2m level.

But how is this "educational demonstratio nachieved? The main point is that "monetary growth" is "less than accommodating"—i.e., the monetary targets are not adjusted upwards to take account of faster wage increases. This means among other things that the exchange rate is prevented from falling in line with rises in labour costs, and British goods are priced out of world and domestic markets.

This whole type of argument assumes that wages depend on claims drawn out of a hat, or fixed up in talks with Ministers in smoke-filled rooms and that neither the state of the labour market nor expectations about Government intentions have the slightest effect.

Much more important is that we are talking of a game of bluff. For if money wages really did increase by 11 per cent or more, regardless, it would be irrational to persist with lower monetary guidelines, and the unions would have a logical case for saying that the unemployment and slow growth were due to deliberate policy.

Bluff aside, the actual trade-off is not between money wages and employment, as the Treasury model assumes, but between real wages and employment. If it is only money wages that increase too fast, monetary policy and exchange rate policy can accommodate this, as Brazil for instance has shown, although not without loss. But if real wages rise out of all relation to productivity, no monetary policy on earth could prevent workers being priced out of jobs.

The persistence of such divergencies about fundamentals shows that there does not exist an economic science, which could provide non-propagandist projections for the TUC and CBI to discuss round the table as both Labour and Conservative "moderates" would like. Every step in the so-called arithmetic can be legitimately disputed and we would be better off with palmistry.

Samuel Brittan

INDUSTRY AID AND EMPLOYMENT

Compensation for short-time working

THE ABSENCE of any new industrial policies being developed by the Government is underlined in the White Paper's financial allocations for industry where few new initiatives can be detected. No extra allocations are made for the National Enterprise Board, in spite of its new borrowing limits Bill which comes before the Commons today, and there are no indications of any major extensions to the Industry Department's selective industrial aid schemes.

Instead the main emphasis is on employment services and on schemes aimed at alleviating unemployment. The main innovation here is a proposed scheme of compensation for short-time working which is estimated to cost some £460m a year by 1981-82. Regional industrial support also receives special mention but, again, there is no sign of new initiatives.

TRADE, INDUSTRY AND EMPLOYMENT

(£m)

	1977-78	1978-79	1979-80	1980-81
Regional support and regeneration	518	686	700	708
Industrial innovation	275	358	268	276
General support for industry	427	396	567	516
Support for national industries (other than transport)	115	157	110	108
International trade	−110	454	113	39
Functioning of the labour market	876	974	1,243	1,357
Health and safety at work	42	44	48	50
Central and miscellaneous services				
Employment	54	54	60	58
Other	90	110	83	74
Transactions in BP shares	−590	—	—	—
TOTAL	1,698	3,232	3,192	3,186
Changes from last year's White Paper	−253	−26	+273	+395

(Figures at 1978 survey prices)

North Sea debate

A year ago when the picture was much the same, it was being suggested that the vacuum was caused by the then imminent "great debate" about the North Sea oil revenues. Until this debate had taken place and the Government had reached policy decisions, it would not be know whether to allocate cash to State intervention in industry.

The "great debate" of course failed to materialise and the Government published a non-committal White Paper on the subject last year which gave no indication of future priorities. This lack of direction is echoed in yesterday's expenditure White Paper where the only substantial increase in industrial aid—from £10m in 1979-80 to £100m in 1982-83—is for an item called "future industrial support." This is said (significantly in the run-up period to a general election) to cover expenditure "that cannot yet be firmly allocated to specific programmes." The White Paper says that it would be mainly used for "further schemes in support of industrial investment and product development, and assistance to the shipbuilding industry" as well as to cover "fluctuations in other programmes." But it is stressed that this figure is not intended to cover the cost of rescuing major companies from closure.

This item underlines the problem that the Industry Department is having in designing new industrial aid schemes in the run-up to the general election. It has recently extended its micro-electronic aid schemes to a total of £125m and is also backing £25m energy conservation aid, as well as allocating a total of £150m to its general selective investment scheme aimed at encouraging the introduction of major capital projects.

But it has not finalised any policies about what to do with the selective schemes aimed at individual long-established sectors of the economy which have been gradually introduced over the past few years. There are 15 of these schemes with a total allocation of £300m, and in many cases the periods for the allocation of aid have expired.

There are two main points here. First there is the prospect of a general election which could return a Conservative Government committed to at least curbing, if not halting, the expansion of such aid schemes. Sir Keith Joseph and his Conservative colleagues believe that industry is best induced to invest not by selective aid schemes but by cuts in taxation.

Sectoral aid schemes

The second point is that the sectorial aid schemes were designed at a time when investment in UK industry was running at an extremely low level and they may not therefore be the right answer for a period when there may be more investment. The Industry Department has yet to suggest what it might do next were it to have a sympathetic Labour Government returned at the election. The Labour Party itself, of course, would plump for direct State intervention in major industries and a rapid and radical expansion of the National Enterprise Board's activities.

The NEB's borrowing powers are to be raised from £1bn to £4.5bn under the Bill, which *goes before the Commons today* for its Second Reading and it was assumed that this would lead to a moderate increase in the NEB's spending allocation in yesterday's White Paper.

But the NEB has not been asking for a rapid increase in its allocation of Government money and the figures contained in the White Paper are based on a constant £275m allocation through to 1982-83. The figure shown for 1977-78 is considerably higher, at £368m, because it includes a £275m Government loan to BL, formerly British Leyland. The 1978-79 figure drops dramatically to just £70m because of the repayment of the loan. In fact the NEB's total spending in 1978-79 is estimated at £345m at 1978 survey prices, although this does not appear in the White Paper.

BL and Rolls-Royce dominate any examination of the NEB's finances. Fresh initiatives taken by the NEB in the past year have made relatively small immediate demands on its resources. Its new corporate plan is now being studied by the Government and it has identified computers and micro-electronics as priority areas. Its INMOS micro-chip venture which is allocated up to £50m is a result of this.

The overall Industry Department budget which emerges from the White Paper is put at £1.1bn, at 1978 prices, for 1978-79 and at £1.2bn for 1979-1980. It includes assistance to the aircraft and shipbuilding industries and to companies like BL, as well as more general regional and other industrial aid.

There has been no significant change in regional development grants which are forecast at £430m expenditure in 1978-79 compared with £385m in 1977-78.

Gross expenditure on selective regional assistance in 1977-78 totalled £32m, a reduction from the £66m provided in last year's White Paper because projects made slower progress than had been expected. Gross expenditure in 1978-79 is estimated at £103m which includes payment of £46m, to Ford Motors as part of the £75m selective aid it is receiving for its Bridgend enginef actory in South Wales.

Overall selective regional aid is estimated to have created 100,000 jobs in the period ending March 1978. Offers in 1978-79 are expected to average £1,500 a job.

On industrial innovation, which covers research and development, the Government plans an increase in its cash support of approaching 20 per cent between 1979-80 and 1982-83. The White Paper says that these will be increasingly aligned with the priorities under the Government's industrial strategy, especially the encouragement of micro-electronic developments.

Alternative measures

The main change in the employment and training part of the White Paper is provision for a new permanent scheme of compensation for short-time working which the Government wants to introduce soon. It has allocated £200m to the scheme for 1979-80 but might spend this money on alternative special employment measures if the introduction of the scheme is delayed. For 1980-81 there is an allocation of £425m with £460m in subsequent years.

The scheme was proposed in a consultative document by the Employment Department last year and proposals for the necessary legislation were contained in last November's Queen's Speech. But the Confederation of British Industry is opposing the idea and Mr. Albert Booth, Employment Secretary, failed to iron out the problems when he met the CBI jointly with TUC leaders last week. The CBI opposition could mean that any legislation would have a stormy passage in Parliament.

Under the scheme, which would be organised in two tiers, employees would receive compensation at 75 per cent of normal pay. Under the first tier, employers would receive a rebate of half the compensation, financed equally by employers collectively and by the Government. At times of high unemployment — such as now — a second tier would operate with the Government relieving individual companies of their half share of the compensation cost for workers threatened with redundancy. But the future of this provision in the White Paper appears to depend on the views of the CBI.

John Elliott

POLITICAL ASSESSMENT

Miracles are out in Britain

[T]HE BRITISH Government's [W]hite Paper on its expenditure [pl]ans would have been a pretty [d]epressing document even if it [h]ad not already been overtaken [b]y events. It is a measure of [th]e way pessimism—some would [sa]y a greater realism—has [b]ecome ingrained that even on [th]e most optimistic assumptions [th]e Government is not prepared [to] predicate an economic [g]rowth rate of much more than [3] per cent, and this at a time [w]hen the output of North Sea [o]il should be nearing its peak.

The pessimism is pervasive [a]nd nowhere more so than in [t]he attitude to productivity. It [i]s no longer the hope, let alone [t]he expectation, that there can [b]e any dramatic improvements. Miracles are out.

Of the three scenarios—or, in the technical jargon, "illustrative assumptions"—offered, [t]he best is that there could be [a]verage economic growth for [n]ext few years of 3½ per cent. [T]he worst is 1½ per cent. All [t]hat, however, was written [b]efore Christmas. In the new [y]ear the most that can possibly [b]e hoped for is that the Govern[m]ent's worst case scenario will [b]ecome the best, and we shall [b]e lucky if we get away with [t]hat.

The calculations are all there [i]n the White Paper. Case A—the near optimum—is based on the assumption that average earnings rise by about 7 per cent during the current pay round and by 5 per cent in the 1979-80 and subsequent pay rounds. Case B assumes a constant 7 per cent growth of earnings for the next few years. Case C—the near worst—is based on a constant earnings rise of 11 per cent.

Opening bid

Yet we have the Prime Minister's own word for it—in the House of Commons on Tuesday—that wage offers in the private sector have already moved into double figures, quite independently of what is happening in the road haulage sector. We also have his offer to raise the cost of increments to local authority manual workers to at least 7 per cent, as well as the natural assumption on the part of trades union leaders that that is no more than the Government's opening bid.

More pertinent, therefore, than anything in the White Paper is the comment by Mr. Joel Barnett, the Chief Secretary to the Treasury, yesterday. "The obvious question," he said, "is what happens if we fail." Mr. Barnett went on: "The equally obvious answer is that there will be less growth, less public expenditure, and more unemployment."

Lest anyone should think that he was taking an unduly dismal view of recent events, it is also worth quoting what he said about the more optimistic scenarios. "Two to 3 per cent growth is in any case substantially below the sort of growth rate that we had earlier hoped for when looking to the opening years of the 1980s. . . . It would be tragic if in the period when North Sea oil output is rising to its peak we could do no better than this. We shall strive to do better. But on the evidence of recent years we cannot count on faster growth, and the consequences must be put squarely before the public."

staff and partners. But when it

Yet the very publication of the White Paper probably deepens the Government's problems. The essence of what the Government is saying is that even the best that can be attained is not very good and that the worst is almost too ghastly to contemplate. That may be an honest, and even a brave, view to take, but it is hardly the best platform on which to fight an election.

Having been so specific with the projections, the Government cannot now easily seek to blur the issues by conciliatory wage settlements. It is damned by its own figures. Equally, it is hard to imagine that the unions will regard the latest offer to low paid workers as final. By moving before he had to in his House of Commons speech on Tuesday, Mr. Callaghan may well have encouraged the unions to expect even more.

For the Government there is also the short term problem of what to do about the budget. Mr. Denis Healey, the Chancellor of the Exchequer, has threatened long enough to counter excessive pay settlements by monetary and fiscal measures. But at what stage, one wonders, dare he introduce a budget that substantially increases taxation? Given the Government's avowed hope of still keeping down public sector settlements, he cannot act immediately. But as time goes on it is by no means certain that the Government will act at all.

The lesson of Tuesday's debate in the House of Commons, if it were needed, is that the Government is still safe for a few more weeks. The Nationalists in particular have a vested interest in keeping it in office until the referendums on the devolved assemblies on March 1. But there was also another lesson and that was a growing sense of defeatism on the government benches.

Generous

Mr. Callaghan may have been no more than generous when he congratulated Mrs. Thatcher on her parliamentary performance. Mr. Healey, however, was more revealing. "The Honourable Lady," he said, "has the skill of a demagogue in recognising public feeling and giving it voice." That may have been meant as an insult, but in political terms it is the most extraordinary compliment. Indeed if one leaves aside the use of the word "demagogue," it is precisely the skill on which Mr. Callaghan used to pride himself.

It is just that skill which Mr. Callaghan and the Government seem to have lost. It is the Government itself which chose to fight on the level of wage settlements, and almost to equate that level with the rate of inflation. Its chief asset was the claim that it could control the unions.

The fallback position now seems to be that, if necessary, it will take on its own troops as well as the opposition. It may be a brave stance and Mr. Callaghan may go down fighting. But a general without troops is pretty useless—as the positions of Mr. Edward Heath and Mr. Enoch Powell already testify. The Prime Minister's great strength used to be that he could coax the unions along. This was supposed to have been, in Mr. Callaghan's own words, the year of advance. In the end his great service, however unintentional, may have been to show that miracles really are out.

Malcolm Rutherford

NATIONALISED INDUSTRIES

Optimistic outlook on self-financing

WITH THE exception of the Steel Corporation, British Shipbuilders and one or two others, the financial position of the nationalised industries has improved immeasurably in the past few years. This largely reflects the end of the Heath Government's policy of enforced price restraint and the restoration of economic pricing. At the same time, the sectors' capital requirements—for investment and extra working capital—have fallen below the peak levels reached.

As a result, the sector as a whole is now financing a much higher proportion of its capital requirements from its own internal cash flow, and its call on external funds—in the form of grants, loans, and public dividend capital from the Government and borrowings from the market at home and abroad—has been sharply reduced.

The sector's overall self-financing ratio has risen from 37 per cent in 1975-76 to an estimated 56 per cent in the present financial year. And the net call on external finance—the basis of the annual cash limit which is set for each nationalised industry (save for the British National Oil Corporation which so far has been exempted from cash limits)—was halved from £2.8bn in 1975-76 to £1.4bn in 1977-78. It is expected to remain below the £2bn both this year and in 1979-80 (after allowing for probable shortfall).

The improvement in nationalised industry finances has been more rapid than had been foreseen in previous White Papers. The sector as a whole has had no difficulty in living within its aggregate cash limit. Indeed, in each of the three years since cash limits were introduced, there has been very substantial "underspending" and this has been one of the reasons why public expenditure as a whole has fallen short of planned levels during this period.

FINANCING OF CAPITAL REQUIREMENTS (£m)

	OUTTURN 1976-77	OUTTURN 1977-78	1978-79 (estimates)	Forecast* 1979-80
Capital requirements				
Fixed assets	3,546	3,616	4,147	4,607
Other	837	−55	322	348
Total	4,383	3,562	4,469	4,955
Financed by				
Internal resources	2,139	2,146	2,314	2,489
External finance	2,243	1,415	2,155	2,466
Government grants	691	710	872	848
Net borrowing	1,552	705	1,283	1,618
of which:				
Overseas	1,346	456		
Market	−196	256		
Leasing	118	212		
Government	284	−218		

	1978-79	Forecast* 1979-80	1980-81	1981-82
Net borrowing†				
Overseas	−50	−200	−150	−200
Market	−50	−450	−50	—
Government	1,100	1,450	800	700
Total	1,000	800	600	500
Grants	870	850	740	710
Total borrowing and grants	1,870	1,650	1,340	1,210

* 1978 Survey prices. † Excluding temporary borrowing and leasing, and after allowing for assumed shortfall.

The latest White Paper holds out the hope of a further improvement in the next few years. Nationalised industry investment programmes are now rising again, though not quite so fast as was foreshadowed in last year's White Paper principally because of a re-scaling of plans in gas, the electricity supply industry, and the British National Oil Corporation.

Even so, the authors of the White Paper expect the sector's average self-financing ratio to increase further to about the 67 per cent level by the end of survey period in 1982-83. The figure could be even higher, the White Paper notes, as a result of last year's decision to re-set financial targets for each industry (a process which is still far from complete) and to require investment programmes, including replacement investment, to be tested against the "opportunity cost of capital," a concept which has been defined as meaning a real return of 5 per cent.

As it is, five nationalised industries—the Gas Corporation, the Post Office, the electricity supply industry in England and Wales, the British Transport Docks Board, and the British Airports Authority — are already fully self-financing while the first four of them have had sufficient funds left over to be regularly repaying debt.

Three others — British Airways, British Aerospace, and the South of Scotland Electricity Board — have achieved over 50 per cent self-financing this year or expect to do so in 1979-80, while the British National Oil Corporation expects to reach 80 per cent self-financing by the early 1980's.

The four industries which depend heavily upon central and local government grants—British Rail, National Bus, the Scottish Transport Group, and the Waterways Board — are holding their call on grant finance more or less level in real terms. This leaves as problem areas only British Steel, British Shipbuilders and —for the present at least—the National Coal Board.

According to the White Paper, the sector's aggregate call on external funds (other than short-term borrowing) should fall from about £1.8bn this year to £1.2bn in 1981-82 (both figures at 1978 survey prices). But this does not necessarily mean that the sector's net borrowings from the Government should also diminish. Government lending is a residual, after recourse has been made to the market at home and abroad; and the amounts raised from these sources will depend upon the industries' financing needs, market conditions and—in the case of overseas borrowing — Government policy.

The large sums borrowed abroad in earlier years are now starting to come up for repayment and the White Paper assumes that there will be net overall repayments in the next few years. In addition £525m worth of British Electricity Stock comes up for redemption this autumn. As a result, net borrowing from the Government is expected to rise from a net £200m repayment in 1977-78 to about £1bn this year and £1.45 bn in 1979-80, after which it should fall back below the £1bn mark again.

Colin Jones

SOCIAL SECURITY AND HEALTH

The biggest sector grows

LOWER ASSUMPTIONS of the level of unemployment together with an unsteady growth of real earnings are the central factors affecting the predicted cost of the package of pensions, unemployment, supplementary and other benefits which make up the social security programme.

Although demographic changes such as altered birth rates and the continuing increase of the number of pensioners have some impact on the social security programme, they have a more marked effect on the health and personal social services programme where a rather small real increase of expenditure is partly offset by expected greater demand for health care.

Changes in the expected rate of unemployment have a particular impact on the social security programme not only because of the direct correlation between unemployment and certain benefits, but also because of the size of the programme and its rate of increase.

The social security programme is the largest single call on Treasury funds, accounting for about 25 per cent of total expenditure. In the decade from 1973-74 the cost of the package of transfer payments is expected to rise by 43 per cent in real terms. In the current financial year benefits will cost the Government £15,361m rising by 3 per cent to £15,835m in 1979-80 and by a total of about 8 per cent in real terms from 1978-79 to 1982-1983.

Plans to extend the eligibility of some people for benefits, population changes, and the inflation-proofing of benefits together with extended child benefits are the reason for most of the increases.

The programme is based on the assumption that the number of unemployed, excluding school-leavers, will average 1.315m in 1978-79 and in future years. In the current financial year this level of unemployment is expected to require unemployment benefits totalling £657m to 590,000 people with the number of claimants remaining steady throughout the projection years. The corresponding estimates for unemployment claimants in the previous expenditure estimates were 150,000 higher in 1978-79 although the numbers were expected to trail off to 510,000 in 1981-82.

Pensions

The programme totals also reflect the statutory requirement to update pensions and other long term benefits yearly in line with earnings, or prices if they increase faster, and the main short term benefits in line with prices.

These costs are reflected in large allowances for uprating improvements over average 1978-79 benefit levels from 1980-81 onwards and are based on a working assumption that after a marked growth of real earnings in 1978-79, there will be a fall of 1.5 per cent in 1979-80 followed by rises of about 1 per cent in 1980-81 and 2 per cent in each of the two remaining projected years.

Retirement pensions continue to account for about half the total programme expenditure. In the current year over £7.5bn is expected to be paid in retirement pensions increasing to over £7.8bn in 1982-83. Overall the level of expenditure in this area remains unchanged from the previous estimates with contributions from employers and insured people covering about three-fifths of expenditure.

Elsewhere in the estimates there are few surprises with provision being made for expected changes in eligibility for benefits. Much of the increase of total expenditure reflects the final phase of the increase of child benefit allowances from April 1979. However, it is partially offset against the withdrawal of child tax allowance, the net effect being an additional £500m for family support in 1979-80.

Total expenditure on health and personal social services, including both central and local government provisions, has been increased by £101m to £8,406m in 1979-80 over planned expenditure in the last Expenditure White Paper and by slightly smaller amounts in the two following years. The new expenditure plans take account of expenditure on demand-determined services and on personal social services and for some expansion and improvement of services particularly for prevention of disease, services for the disabled, the elderly, children the mentally ill and mentally handicapped.

To maintain the current levels of expenditure per head as population structure changes the Government expects that current expenditure on hospital and community health services will have to increase by about 1 per cent a year "to allow for demographic changes and some provision for improved medical techniques in other parts of the service. "For personal social services, such as day care and meals for the elderly, a minimum growth of about 2 per cent is required to maintain existing services.

The projected expenditure allows for average increases of 1. 9per cent a year from 1978-79 to 1982-83 compared with a 1.7 per cent increase included in the last White Paper. Split up, the expenditure plans provide for an annual average of 1.5 per cent on hospital and community health services and 2.5 per cent on personal social services giving increases above the minimum required to maintain services but probably not of sufficient size to meet the demands of the health service unions.

In detail the expenditure provisions allow the health authorities to speed up improvements to hospital and community health services with an additional £76m available in 1979-80 over previous estimates followed by smaller increases in subsequent years.

A 3 per cent annual growth rate for the provision of family practitioner services reflects a growing emphasis on the need to improve primary health care, particularly in the inner cities together with the greater demand for services cause by the growth in the number of elderly.

Paul Taylor

MEN AND MATTERS

Laker's legacy: solo jet set

This year will see the full effects on the two-way tourist traffic across the Atlantic of Skytrain and other cut-rate fares. Charters from the U.S. to Britain for 1979 are said to be down by at least 80 pre cent. Virginia Henderson of Groups Unlimited, a London firm involved in this side of tourism said yesterday: "Skytrain has killed the charters."

There is likely to be a flood of American tourists "going it alone"—and finding that low fares do not mean low hotel prices. Last year, many such visitors fled to the continent, hoping life would be cheaper over there. But those who do stay with us could still bring a boost in tourist earnings, because individual holiday-makers spend more than those on package tours.

In the other direction, there is already a boom. British visitors to the U.S. this year should top 1m — up almost 40 per cent on 1978. That may put us ahead of Japan. Many more Britains will be finding their way around the states on their own, forecasts Ivor Elms, chairman of the retail agents council of the Association of British Travel Agents.

Even so ,one tour operator offering a week in New York for £169 all-in has had a complete sell-out. But in the end, the pace of Transatlantic tourism this year is going to be governed by the strength of the dollar; and the pound.

Bridge of sighs

Monday's "day of action" for workers in public service is presenting a dilemma for the operators of a swing bridge on the River Neane in Lincolnshire.

Should they leave the bridge up or down? If it is up it will block the road, if down it will halt rivert raffic. As a compromise they will probably leave it halfway up, stopping both.

The bridge operators are members of the National Union of Agricultural and Allied Workers, which is trying to offer guidance. A union official said yesterday: "We are still wrestling with this one."

Dowsing fear

A scare sparked off last week that beer may cause cancer has been the signal fo ran orgy of hypochondria and conversations of the out-patient variety in West Germany. But in Bavaria drinkers proved quite impervious to panic. The verdict in the Bierstuben is that more evidence is needed, an attitude possibly reinforced by the southerners' high consumption fo the stronger brews.

The report by Professor Rudolf Preussman of the Heidelberg Cancer Research Centre —who started it all—has, however, produced dramatic results elsewhere. The breweries remain coy about how badly sales have been affected, but most are expected to follow the example of Schultheiss, the giant West Berlin brewery, Schultheiss is running television commercials which show a man downing a half-litre of golden fluid without apparent ill-effect, and pronouncing that he especially enjoys his Schultheiss because of its pleasing lack of nitrosamines.

Even if this word puzzles foreigners, it has suddenlyb ecome very familiar to West Germans—nitrosamines are the alleged cancer-producing agents Preussmann claims to have identified.

Down south, they need no reassurance from television commercials. The Bavarians have come up with their own experts, one of whom is quoted with particular approval. He considers beer is only dangerous if you drink "more than 1,000 litres a day."

"They probably fell off a lorry!"

Pot luck

Clement Freud's well-supported Freedom of Information Bill has won him some unlikely political bed-fellows, including—to the consternation of the more staid—one of the defendants from the "Colonel B" trial, Duncan Campbell. He is expected to join more conventional freedom-lovers at a rally in Westminster today. The Ulster Unionists were last night still dithering about joining in.

Freedom of Information, while conveniently embarrassing to the government, was not in fact Freud's first choice when he topped the ballot for Private Members' Bills. One of his favourite hobby-horses is decrimi nalising possession of small quantities of canabis—"I'd like a sort of parking ticket system"—but he tells me that in an election year he found the support for it had evaporated to just six MPs.

Another choice was a favourite Liberal one—a Mininmum Earnings Bill. Freud contacted the TUC and, receiving no reply, claims he bombarded Len Murray with telephone calls and telegrams. Still to no avail. He then abandoned the idea with Wilsonian pragmatism: "It would be irresponsible to push something that you know is not going to get proper support."

The TUC thought it "highly likely" that Freud's messages had been ignored. It was against minimum earnings "because they make collective bargaining more difficult," but in any event messages took a long time to move through the machine. "One from Clement Freud just wouldn't filter through—frankly we just wouldn't take any notice."

Chinese puzzle

With Vice-Premier Teng awaited in Washington, there has been some shrewd calculation in Wall Street about those hardy annuals of hard-headed Sinophilia—the Imperial Chinese bonds.

It now seems that if Peking does promise Carter to redeem old bonds issued in the U.S., the cost to China will be negligible. Most of those dating from the turn of the century were denominated in pounds pegged at $5 to the pound. Seeing that the dollar is now only two to the pound, the Chinese at most would only have to pay back 40 per cent of the loan's value.

Judging by what some other Communist countries have done about pre-revolutionary bonds, the Chinese would at best only offer a maximum of 30 per cent of the loan. So the best the investor can hope for its 12 per cent of his money. Even so, that is better than a poke in the eye with a paper fan, after so many decades of abandoned hope.

Light exchange

Overheard in the electrical department at Harrods—Woman with plummy voice: Where would I find plastic lampshades? Assistant (politely): At Woolworth's, Madam.

Observer

 REPORTS BY PETER RIDDELL AND DAVID FREUD

Caution prompts four years of 2% more

The volume of public expenditure is projected to increase by about 2 per cent a year over the next four years after rising sharply in the last 12 months.

The Government's continuing commitment to these plans is shown in its annual Expenditure White Paper 1979-80 to 1982-83 published yesterday.

The projected rate of increase is intended to be within the growth of national income, discussed in the White Paper in terms of an illustrative range of 2-3 per cent a year, and consistent with the attack on inflation and general economic strategy.

The White Paper stresses that "stability of the main framework of expenditure plans continues to be an important objective. . . To plan faster growth of the total would limit the room for fiscal manoeuvre and would significantly increase the risk that the plans would later have to be cut back, causing disruption and disappointment."

The WhitePaper is longer than last year, at 255 pages against 176 pages. Among the new features are more information about the outturn on individual programmes against earlier plans, about levels of service and about the working assumptions on unemployment and real earnings used in calculating the social security figures.

The total levels of expenditure planned for 1979-80 and 1980-81 are consistent with those planned in the last White Paper a year ago. The small increases compared with then are due to an expected switch from mortgage tax relief to expenditure on option mortgages.

The present plans provide for the total to continue to grow by about 2 per cent a year in 1981-82 and 1982-83, although the figures for the later years are increasingly provisional and will be reviewed in future expenditure surveys.

Within these totals the contingency reserve for extra items is projected to rise from £800m in 1979-80 to £2.5bn in 1982-83 (at 1978 survey prices).

While the projected increase in the planned level of spending is likely to be about 2 per cent over the next four years, the actual rise will depend on the amount of shortfall both in the current and later years.

The exact rise will vary depending on these assumptions and on how certain exceptional financial transfers are treated.

This was a subject of considerable political controversy last year when the Conservative Opposition argued that the true rise was larger than the Government suggested.

This controversy may now be re-opened since the latest figures show that total public expenditure (including debt interest but before a full allowance for shortfall and net nationalised industry borrowing) is expected to have risen by 8.6 per cent between 1977-78 and the current financial year.

This is partly because the outcome for 1977-78 is now stated to have been nearly £1.6bn lower than estimated inthe last White Paper. As a result, actual expediture in 1977-78 is now thought to have been roughly 7 per cent, or £4.34bn, below the January 1977 projections.

This larger than previously estimated shortfall set a lower base for the current financial year when shortfall is expected tohav e been much smaller, at £2bn. If this is taken into account, the increase in expenditure, excluding debt interest but including net nationalised industry borrowing, is estimated at 6.2 per cent between last year's outturn and the projected level for 1978-79.

The White Paper points out that the growth of expenditure between 1977-78 and 1978-79 has been influenced by large changes in nationalised industry borrowing, the refinancing of export and shipbuilding credit and by the sale in 1977-78 of BP shares.

Excluding these items, an increase in expenditure of about 2½ to 3 per cent is at present expected between the two years. Expenditure including these items is at present expected to rise by just over 6 per cent to a level some 4 to 5 per cent above that of 1973-74.

The shortfall estimate of £2bn is the same as that in the last spring budget. Slightly over £1bn of this is reflected in the early estimates of the actual volume of spending on programmes but it is judged unilkely that the shortfall has been fully identified yet and a further allowance is made, bringing the total up to £2bn.

Shortfall is estimated at £2bn for 1979-80 and in later years. If this is taken into account, expenditure, including nationalised industry net borrowing but excluding debt interest, is estimated to rise by 2.1 per cent in 1979-80. However, total public expenditure, excluding te so far unidentified shortfall but including debt interest, is projected to rise by 4.54 per cent to £68.16bn between the two years.

The White Paper also includes adjustments to the volume figures in cost terms which permit a closer comparison of the relationship with future Gross Domestic Product.

This trend is expected to be relatively favourable in the next two years, assuming a successfull implementation of the Government's pay policy. On the basis of 1977-78 prices, the total expenditure, before shortfall, is expected to rise by 4.2 per cent in cost terms in 1979-80 above the level for this year.

GENERAL GOVERNMENT ACCOUNT AND PUBLIC SECTOR BORROWING

£bn	1977–78	1978–79	1979–80	1980–81
General government receipts				
At 1977-78 prices:				
Taxes on income and expenditure	41.9	43.9	45.2	45.1
Capital taxes	0.9	0.9	0.9	0.9
National insurance	9.7	9.2	9.2	9.4
Interest receipts	2.8	2.9	2.7	2.5
Other receipts	3.5	2.8	3.1	3.3
Total receipts	58.8	59.7	61.1	62.9
General government expenditure				
At 1978 survey prices:				
Goods and services	34.2	34.9	36.0	36.5
Subsidies	3.7	4.0	4.1	4.1
Grants	19.9	21.2	21.9	22.5
Net lending*	−0.9	1.9	1.9	1.3
Contingency reserve	—	—	0.8	1.4
Total expenditure at 1978 survey prices	56.9	62.0	64.7	65.8
Price adjustment to cost terms and 1977-78 prices (i.e. including the relative price effect†	−1.7	−2.1	−2.5	−2.7
At 1977-78 prices: Total expenditure at 1977-78 prices	55.2	59.9	62.2	63.1
General allowance for shortfall	—	−0.9	−1.9	−1.9
Interest payments	6.7	6.9	6.7	6.6
National accounts adjustment	1.8	1.8	1.9	2.0
Total expenditure in national accounts terms	63.7	67.7	68.9	69.8
Borrowing requirement				
At 1977-78 prices:				
General government borrowing requirement	4.9	8.0	7.8	6.9
Public corporations' borrowing, other than from general government	0.6	−0.7	−0.6	−0.1
Public sector borowing requirement	5.5	7.3	7.2	6.8
Public sector borrowing as Public sector borrowing as % of gross domestic product	3½%	4¼%	4¼%	4¼%

* Includes cash expenditure on company securities.
† The relative price effect is −£0.2bn in 1978-79, −£0.4bn in 1979-80 and −£0.5bn in 1980-81.

Inflation fight and productivity the key to improvement in economic growth

CONTINUED SUCCESS both in reducing inflation and in improving productivity are required if the UK economy is to recover the rates of growth experienced before the recent recession. These, together with the course of the world economy, are the essential constraints on growth.

This is the conclusion of a lengthy discussion of the medium-term influences on the development of the economy included in an extended form in the White Paper.

In deciding policy on total expenditure the Government takes account of the prospects for the economy, particularly for the growth of GDP and the balance of tax and expenditure. Three illustrative projections of expenditure and output provide a background for the public expenditure plans by showing the possible implications for GDP and the pattern of demand of certain assumptions, for example about world trade and inflation.

"Projections of this kind are neither predictions nor expressions of the Government's intentions; nor do they cover the full range of possibilities.

Developments

"The growth of world trade remained low in 1978. Some recovery seems likely in 1979 as activity in the main European economies picks up. The following projections assume that, after allowing for the effects on the U.S. and other economies of recent oil price increases, world trade in manufactures rises by 7½ per cent in 1979 and by about 6½ per cent a year thereafter. This would be a considerable improvement on the growth recorded in the past two years (about 4 per cent), but still well below the average of about 10 per cent for the years before 1974.

"Competitors' unit labour costs in manufacturing are assumed to go on rising at the past trend rate of about 5 per cent (in terms of domestic currencies).

"The UK's terms of trade have improved recently, partly as a result of falls in commodity prices. The projections assume that they remain broadly unchanged at their 1978 level.

"The Government's aim will continue to be to combine net repayment of debt year by year with new borrowing to spread the maturities.

Potential

"The growth of the economy's productive potential—the rate at which output can rise over time at a constant pressure of demand—is determined by the growth of the working population, its productivity, and the contribution of North Sea oil and gas. The actual rate at which output rises will depend not only on this underlying growth of productive potential but also on the extent to which resources can be brought into productive use. In the short term actual and potential output growth can differ markedly, but as the time horizon lengthens productive potential becomes an increasingly dominant influence on the growth output.

The White Paper includes figures for the trend growth of productive potential in the 1960s and early 1970s and estimates of its growth in recent years and in the future. Estimates of the underlying growth of output per head are particularly uncertain.

Recent experience taken on its own suggests that the underlying growth of output her head adjusted for cyclical fluctuations has fallen considerably — possibly down from 2¾ per cent in 1964-74 to 1¾ per cent in the period until 1977. This was to some extent the result of the recession, but there also appears to have been deeper-seated causes for the underlying growth of productivity in most industrial countries seems to have fallen since the early 1970s.

"The relatively constant underlying rates of potential output growth that appeared well established in the 1950s and 1960s can no longer be counted upon. A range of increases in productivity of 1½-2¼ per cent a year is shown in for the period to 1982, but the range of possible outcomes is considerably wider than this.

"The projections described below assume that output per head grows roughly at the centre of this range but that its pace of recovery will vary slightly with the pace of growth of output; but even in the highest growth case of the three projections the underlying growth of productivity is still put below its earlier trend.

"Thus even with North Sea oil and a faster growth of the labour supply, productive potential is unlikely to grow much above its pre-1973 trend of about 3 per cent. This assumes a ½ per cent annual growth in the labour force in 1977-82 (against ¼ per cent in 1964-74) and a ¾ per cent annual addition to GDP from North Sea oil and gas.

Projections

"The three illustrative projections all incorporate the present expenditure plans. All make the same assumptions about the world economic background. The main differences lie in the assumptions made about earnings, productivity, monetary conditions and competitiveness.

"In each case the projected level of private expenditure is varied to provide for a satisfactory balance of payments.

"There are three illustrative assumptions on earnings. Case A assumes that average earnings rise by about 7 per cent during the current pay round (as in the Industry Act forecast published in November) and by 5 per cent in the 1979-80 and subsequent pay rounds. This assumption is broadly consistent with bringing the rise in unit labour costs into line with that of our strongest competitors. Case B assumes a constant (7 per cent) growth of earnings throughout the period. Case C illustrates a less satisfactory outcome, with earnings rising at 11 per cent a year throughout the period.

The Government's Expenditure Plans 1979-80 to 1982-83; Command 7439 by the Stationery Office, price £4.25

"These three cases would imply significantly different rates of price increase: in cases A and B the annual rate of increase in retail prices would fall from present levels; in case C it would return to double figures and remain close to 10 per cent throughout the period of the projections. The pace of recovery in underlying productivity is assumed to vary slightly with the rate of growth of output, and is thus fastest in case A.

"Monetary growth is assumed to be less than accommodating to the growth of nominal GDP in the higher inflation case. These assumptions imply that in case A and, less so, in case B labour costs in manufacturing rise more slowly than the average for competitor countries, and UK competitiveness improves; in case C competitiveness worsens.

"Each of the projections implies a slower growth of real gross earnings than during the past year, when pay increased far ahead of prices. Real personal disposable income (RPDI) has been further raised in the past year by tax reductions and increases in child benefit (a further increase is to take effect next April), and consumption should rise on a more even path than gross earnings.

"In the third quarter of 1978 RPDI was about 9 per cent higher than a year earlier. In the longer run (if the terms of trade are constant) increases in real earnings can only be sustained to the extent that they are matched by increases in productivity.

Output

"All the projections represent a marked improvement on the four years 1973-77, but only in case A does output regain on average over the period to 1982 the trend growth rate of the years before then—an increase in real GDP of 3 per cent a year.

Even in Case C output grows by 2 per cent a year against 0.3 per cent in 1973-77.

"The main differences in domestic demand between the cases are in consumers' expenditure and investment. There are major differences in external trade prospects between the cases, arising mainly from differences in competitiveness. In case C, unlike cases A and B, UK costs rise faster than competitors' and, even allowing for some depreciation of the exchange rate, competitiveness worsens over the period. This weaker competitiveness is reflected partly in a slower growth of exports, and partly in a worsened relationship between output and imports.

"As the projections provide for a satisfactory external account the differences in the prospects for external trade in the three cases lead to differences in the growth of domestic expenditure and output. The effects of the differences in competitiveness between the three cases build up through the period, and the divergence in the projected growth rate increases: in 1979-1982 the average GDP growth for cases A, B and C are 3½ per cent, 2¼ per cent and 1½ per cent respectively.

Forecast

The White Paper also contains projections of revenue and borrowing requirements consistent with Case B. For the period up to and including 1979-80 this is consistent with the Industry Act economic forecast published by the Government last November. It is assumed in this case that the out-turn for the current pay round is an increase in average earnings of 7 per cent, consistent with pay settlements of 5 per cent in accordance with current policy, and that the effective exchange rate remains unchanged. GDP grows in 1978-1979 and in 1979-80 by 3¾ and 2 per cent respectively.

"Total tax revenues for the financial years 1979-80 and 1980-81 are projected on the assumption that personal income tax allowances and bands, and also specified indirect tax rates, are indexed in line with the rise in retail prices during the preceding calendar year.

"The projections for 1978-79 and 1979-80 are consistent with the published Industry Act forecast. For 1980-81 they are based on the assumption that GDP will grow by 2 per cent and that private sector expenditure will be sufficient to produce a level of demand consistent with this growth rate. This is inevitably artificial since there can be no assurance that the extra demand would arise autonomously. If in the event the growth rate were only achieved by relaxing fiscal policy the borrowing requirement would be higher than shown in the table.

"Subject to this important qualification, the projections show that growth as in case B tax receipts increase broadly in line with expenditure, with revenues from the North Sea accounting for £1bn of the rise of £4bn in total receipts between 1977-78 and 1980-81. With the faster growth in case A, revenues would rise faster in relation to expenditure than in case B; but in case C they would not keep pace with expenditure.

The projections indicate that in 1977-78 prices the public sector borrowing requirement is expected to decline from £7.3bn (or 4¼ per cent of GDP) in 1978-79 to £7.2bn (also 4 per cent) in 1979-80 and £6.8bn (4¼ per cent) in 1980-81. The 1978-79 projection is consistent with the £8.5bn current price estimate for the year published last November.

"The ratio of total public expenditure to GDP is estimated at some 42 per cent in the current year. With the slow growth of output in recent years, the ratio has tended to change in line with the changes in public expenditure. It rose steeply to a peak of 46½ per cent in 1975-76, and was brought back over the two subsequent years to 40½ per cent.

"A rise of between one and two percentage points to 42 per cent is projected for the current year. The ratio of general government expenditure on goods and services to GDP shows a similar pattern up to 1978-79 (at 23½ per cent against 24 per cent in 1977-78); when expenditure in this category is expected to rise more slowly than other expenditure. The ratios implied for the years ahead by the expenditure plans in this White Paper will be affected by the growth of GDP, relative movements of costs between the public sector and the economy as a whole and the amount of shortfall in expenditure.

Little change in pattern of allocations

THE BROAD pattern of public spending remains little changed since the last White Paper a year ago, although there have been increases in the provision for child benefits, employment services, the national health service, education and law and order.

These have been covered over the next two years from provisions previously unallocated within the contingency reserve and from reductions in the estimated requirements of nationalised industries.

The White Paper says: "The largest single programme is social security (pensions and other benefits), which absorbs about £16bn a year and accounts for approaching a quarter of the total. Four other main blocks of expenditure—education, health, housing and other environmental services taken together—and defence, absorb £7-9bn each and together amount to about half the total.

"At the time of the 1978 Budget, allocations were made from the contingency reserve to child benefit (£520m in 1979-80), employment measures (£130m in 1979-80) and energy conservation.

"Since then, the Government has decided o na number of increases in individual programmes in the course of the 1978 public expenditure survey. Additional provision, amounting to £200m in 1979-80 and £400-£500m in subsequent years, has been made for employment measures, including a permanent scheme of compensation for short-time working.

"The health and personal social services programme has ben increased by about £100m in 1979-80, and by slightly smaller amounts in the two succeeding years. Other additions include £40-50m a year for education, some £10-20m a year for improvements in social security benefits, especially for the disabled, and amounts rising from some £5m in 1979-80 to nearly £50m in 1981-82 for law and order.

"The rates of growth of the individual programmes may be affected by subsequent allocations from the contingency reserve. Subject to that, the programmes for social security, health and personal social services, housing and law and order are all planned to rise in volume terms roughly in line with the expenditure total.

"The education programme shows a small rise over the period: increasing provision for higher and further education and for science and the arts is partly offset by decreasing provision for schools, where pupil numbers will be falling. A broadly constant level of expenditure, below that of earlier years, is planned for roads and transport. The defence budget plans rise by 3 per cent in each of the next two years. The figures for the two subsequent years represent simply the revaluation to 1978 survey prices of the 1981-82 figure in the last White Paper and are consequently provisional. No decision has yet ben taken about the defence budget for those years.

"The aid programme is planned to increase by 6 per cent a year over the next four years, and expenditure on unemployment services continues to rise strongly up to 1981-82. The figures for the trade, industry, energy and employment programme as a whole show little change over the planning period, the increases on the employment programme being balanced by reductions on trade and industry. The requirements for the energy programmes are likewise uncertain but provision is relatively stable over the period.

"The planning totals for the years ahead include a substantial reserve to cover contingencies and other requirements which cannot be properly quantified at this stage. About half the total growth in expenditure plans over the next four years will be allocated to programmes in due course. The White Paper planning figures are, therefore, likely to understate the rates of growth for some individual programmes.

"The figures for debt interest include only those payments which have to be financed from taxation or further government borrowing. They do not include payments met from interest on money lent or by provision for interest from trading surpluses or rents.

"On this basis the estimate for 1978-79 is £2,200m, and shows little change from the 1977-78 level. Debt interest is assumed to increase to £2,400m in 1980-81 and 1981-82, and then to fall to £2,300m in 1982-83. The projections for 1979-80 and after are rather higher than in the last White Paper, reflecting the new borrowing projections and the recent higher rates of interest.

"Current expenditure for over 80 per cent of total public expenditure. Rather over half of current expenditure is on goods and services, and transfer payments accountfo r the rest.

"Capital expenditure, mainly investment in fixed assets and net lending, is planned to remain broadly constant over the planning period. Over half of it is on construction work. Direct public expenditure on construction is planned to remain steady over the next four years, at about £5½ a year.

Changes

"In addition, government grants and lending help to finance other construction work, for example by the nationalised industries and housing associations. Including this expenditure, the total planned level of public spending on construction amounts to a little under £7 a year over the survey period.

"The share of capital expenditure in public expenditure as a whole is now lower than in the early 1970s. This mainly reflects the changing requirements of individual programmes, including demographic changes.

The amount of investment needed in roads and water is now less than in the early 1970s. The requirements for new buildings in education and housing have been affected by the fall in the number of children of school age and by the shift towards gradual renewal of the dwelling stock."

The main services provided by central government, including transfer payments, account for over 70 per cent of total programmes and are projected to rise by 3.5 per cent in 1979-80 above the estimated outturn for the current year.

There has also been a marked reduction since the last White Paper in the estimated requirements of the industries as a whole in spite of increases in the borrowing needs of the National Coal Board, British Shipbuilders and British Airways.

Growth

The industries are expected to continue to finance an increasing proportion of their investment programmes from their own resources.

Local authorities account for more than a quarter of total public expenditure and for more than half of the people employed full and part-time in local and central government.

The growth of local authority current spending has been resumed in the current financial year after small declines in the previous two years, and the decline in manpower in 1976 and 1977 has come to an end.

The provision for individual services has been adjusted since the last White Paper in order to reflect more closely the actual pattern of local authority current expenditure. Some redistribution in the provision for capital programmes has also been made in the light of local authority decisions to spend more than expected in 1978-79 on local environmental services and less on housing.

Capital expenditure by local authorities in Great Britain is projected to rise by 3 per cent in 1979-80. This follows an 0.6 per cent drop this year to a level nearly a fifth lower than in 1976-77.

PUBLIC EXPENDITURE PLANS

£m at 1978 survey prices

	Outturns 1977–78	1978–79 estimated	1979–80	Plans 1980–81	1981–82	1982–83
Central government	40,272	45,038	46,608	46,748	47,254	48,145
Local authorities	16,598	16,951	17,338	17,597	17,750	17,852
Certain public corporations	971	969	1,110	1,101	1,053	1,035
Total expenditure on programmes	57,841	62,958	65,056	65,446	66,057	67,032
Contingency reserve	—	41†	800	1,400	2,000	2,500
Debt interest	2,173	2,200	2,300	2,400	2,400	2,300
Total public expenditure*	0,014	65,199	68,156	69,246	70,457	71,832
Total expenditure on programmes and contingency reserve	57,841	62,999	65,856	66,846	68,057	69,532
Net overseas and market borroking of nationalised industries	501	−100	−650	−200	−200	−150
Planning total for future years*			65,206	66,646	67,857	69,382
Percentage change on previous year			2.0‡	2.2	1.8	2.2
General allowance for shortfall		−963§	−2,000	−2,000	−2,000	−2,000
Outturn and projected outturn	58,342	61,936	63,206	64,646	65,857	67,382
Percentage change on previous year	−7.2	6.2	2.1	2.3	1.9	2.3

* The planning total differs from total public expenditure by excluding debt interest but including the total net borrowing requirement of the nationalised industries, other than short-term borrowing.
† Balance remaining at December 15 in the contingency reserve for the current year.
‡ Change on the planning total for 1978-79 in the last White Paper.
§ This allowance, when added to that already made for individual programmes, brings the general allowance for shortfall on the last White Paper's figures to £2bn.

TOTAL PUBLIC EXPENDITURE BY PROGRAMME

£m at 1978 survey prices

	1977–78	1978–79	1979–80	1980–81	1981–82	1982–83
Defence	6,841	6,868	7,178	7,394	7,420	7,420
Overseas aid and other overseas services	1,674	1,762	1,892	2,004	2,005	2,141
Agriculture, fisheries, food and forestry	906	845	916	833	823	819
Trade, industry, energy and employment:						
Refinance of home shipbuilding and fixed rate export credit	−229	439	54	−11	−32	18
Other	1,927*	2,793	3,138	3,197	3,197	3,153
Government lending to nationalised industries	−239	1,100	1,450	800	700	1,000
Roads and transport ...	2,728	2,782	2,867	2,862	2,842	2,833
Housing	4,868	5,006	5,237	5,495	5,617	5,728
Other environmental services	2,919	3,047	3,122	3,152	3,157	3,115
Law, order and protective services	1,998	2,092	2,137	2,180	2,231	2,274
Education and libraries, science and arts	8,550	8,722	8,817	8,876	8,928	8,926
Health and personal social services	7,914	8,233	8,406	8,523	8,692	8,873
Social security	14,279	15,361	15,835	16,112	16,349	16,549
Other public services	872	882	918	917	934	917
Common services	981	1,007	1,067	1,110	1,159	1,189
Northern Ireland	1,842	2,020	2,023	2,002	2,025	2,049
Total programmes	57,841	62,958	65,056	65,446	66,057	67,032
Contingency reserve	—	41	800	1,400	2,000	2,500
Total	57,841	62,999	65,856	66,846	68,057	69,532
Debt interest	2,173	2,200	2,300	2,400	2,400	2,300
Total public expenditure	60,014	65,199	68,156	69,246	70,457	71,832

* Net of £550m for proceeds of sale of shares in British Petroleum.
The figures up to 1977-78 are of outturn; those for 1979-80 onwards are plans and do not allow for shortfall. Those for 1978-79 are early estimates and do not reflect further general allowance for shortfall of £900m.

PUBLIC SPENDING WHITE PAPER

How tax relief costs the Exchequer money

THE WHITE PAPER includes, for the first time, full details on the cost to the Exchequer of the various reliefs on direct taxes.

These reliefs, states the White Paper, can have broadly the same effect on the Government's borrowing requirement as public expenditure.

Therefore, although their distributional and incentive consequences will be different, there is a case for saying that where a tax relief benefits a particular group of taxpayers, or a particular sector of the economy, it should be taken into account along with direct public expenditure related to those taxpayers or that part of the economy.

The figures show that the biggest single "tax expenditure" is the married man's allowance, which is estimated to cost the Exchequer £6.6bn in the current financial year.

Capital allowances to companies are expected to cost the Exchequer £2.65bn this year, while stock relief to companies adds a further £1.35bn.

The figures are in terms of tax forgone, whether by way of once-for-all reduction of liability, or of deferment of liability — as in the case of capital allowances.

Withdrawal

The cost of each relief is calculated separately and the cost of withdrawing more than one relief cannot therefore be obtained by adding up the various figures.

The White Paper points out that where a withdrawal of a relief was considered, the gain to the revenue would not necessarily be the same as the tax expenditure cost because withdrawal could affect the behaviour of taxpayers or the amounts of payments.

If the reliefs for savings were withdrawn, for example, savings might fall, while supplementary benefits might need adjustment to take account of any tax liability introduced.

So far the only figures given are those for taxes collected by the Inland Revenue. The Government has decided not to include indirect taxes.

One major difficulty in including them is the tax penalties, or charges, which are imposed primarily for policy reasons rather than simply to provide revenue. An obvious example is the surcharge imposed on higher tar cigarettes in the 1978 Finance Act.

After the married man's allowance the biggest tax expenditure on income is the single person's allowance, costing £3.2bn in the current year, followed by the wife's earned income allowance, costing £1.8bn. The provision allowing for separate taxation of wives' earnings costs £90m.

After these the biggest single income tax concession is ever interest on loans for buying or improving owner-occupied property. Tax expenditure on this is estimated at £1.11bn in the current year.

The capital gains tax concession on the disposal of only or main residences is estimated to cost very roughly £1.5bn, and the stamp duty exemptions on transfers of government and other stock £1.3bn.

Relief for pensions schemes has a cost of about £450m, while the expenditure cost of not taxing unemployment benefit is roughly £108m and of sickness benefit £200m.

Special cases to benefit from aid to industry

TOTAL EXPENDITURE on industrial programmes is estimated to remain at roughly the same level in volume terms over the next four years. However, expenditure has been increased over the levels planned in the previous White Paper by about 10 per cent in *each of the next three financial* years.

One of the main changes is in employment measures. The new permanent short-time working arrangements add £425m to the estimate for 1980-81 and £460m in subsequent years (1978 survey prices). In 1979-1980 an extra £200m is provided for the scheme or for alternative special employment measures, as yet unspecified, to relieve the effects of high unemployment.

In the next financial year expenditure on the functioning of the labour market is planned to go up by 28.6 per cent from the estimated out-turn of the current year, to £1.24bn.

The other main programmes are little changed. The National Enterprise Board's net funding requirement in the current year is expected to be £205m in cash terms less than provided for in the last White Paper. However, next year expenditure is planned at £270m cash, about the same level as originally forecast for the current year.

Part of the reason for the *underspend in the current year* was changes in the source and phasing of support for BL, formerly British Leyland, in 1978. Rolls-Royce, which has repaid a £25m cash loan this year, is also likely to require less finance than had been envisaged. Finally, while the board has taken a number of major initiatives in the current year, these have made relatively small immediate demonds on its *resources*.

There has been considerable rephasing of Government expenditure on selective assistance to individual industries and companies since the last White Paper. Spending in 1977-78 was some 70 per cent less than provided for because, contrary to previous plans, all of BLs public sector financing requirement in that year was met by the NEB and because many projects did not go ahead as quickly as expected.

Expenditure in 1978-79 is expected to be 23 per cent above that envisaged in the last White Paper, mainly because of changes *in the phasing and form of support to BL in 1978*. The effect of this is partly offset by continuing delays in the take-up of assistance under selective schemes.

The Government plans to increase spending on industrial research and development by 20 per cent in volume terms over the period 1979-80 and 1982-83. Provision will be made from this programme, as wll as othr dpartmntal sourcs, towards the *recently announced initiatives* in support of the mirco-electronic industry and the application by industry generally of microprocessors and other micro-electronic devices.

A total of £125m cash has been allocated to this by the Department of Industry and further support is being provided from within the education and training programmes.

EEC

THE UK net contribution to the EEC is expected to increase by 10.3 per cent in 1979-80 to £750m (1978 Survey prices). A further increase of 9.3 per cent is estimated for the following financial year.

The estimates take account *only of expenditure on policies* agreed at the time when the figures were finalised, with no allowance for policies still under discussion by the Council of Ministers.

Aid abroad

THE OVERSEAS aid programme for 1979-80 is planned to be £72m, above the estimated out-turn for 1978-79, at £1.17bn, an increase of 6.6 per cent (both in volume terms at 1978 Survey prices).

The aid programme is planned to rise steadily by *about 5 per cent a year* between 1979-80 and 1982-83, and by the latter year is expected to be more than 26 per cent above the estimated out-turn for the current financial year.

Official development assistance from the UK expressed as a percentage of the gross national product fell slightly in 1977 to 0.37 per cent. The planned increases over the next four years are intended to *accelerate progress towards* the UN aid target of 0.7 per cent of GNP.

Aid was urgently deployed into bilateral channels this year due to conditions in developing countries threatening to cause severe underspending. In 1979-1980 nearly half the aid programme will be in the form of bilateral aid capital, while nearly a third will be spent through multilateral institutions and about an eighth in technical co-operation.

Health

EXPENDITURE on health is projected to rise in line with the 2 per cent increase each year for public spending as a whole.

By 1982-83 spending is expected to be £8.87bn in 1978 *survey prices, an increase of* 7.8 per cent from the 1978-79 financial year.

Expenditure on hospital and community health current services needs to grow at about 1 per cent a year merely to *allow for demographic change* and to make some provision for the spread of improved medical techniques without detriment to standards in other parts of the service.

For personal social services a minimum growth of 2 per cent is needed, mainly to cater for the growing numbers of elderly and children in care.

State industry

CAPITAL EXPENDITURE by nationalised industries is projected to rise by 8.5 per cent in volume from the current financial year to £4.1bn in 1979-80. The discrepancy is largely due to underspending in the current year of £225m compared with last year's White Paper projections.

Capital expenditure is forecast to rise by 12.4 per cent over the next four years in volume, although a dip is projected in *1980-81*.

A sharp reduction in net borrowing by the nationalised industries is forecast over the next three years.

In 1978-79 total net borrowing by the nationalised industries is provisionally estimated to be £150m below the level projected in the last White Paper, at £1bn in 1978 survey prices. The main reason is a large reduction in borrowing by the British Gas Corporation.

Reductions in future years result mainly from lower estimates by the gas and electricity industries, and by the British National Oil Corporation, which more than offset increased estimates for financing the National Coal Board, British Airways and British Shipbuilders.

In the 1981-82 financial year borrowing is expected to be half the level of the current year, at £500m in 1978 survey prices. This is a downwards revision of £460m from the projection in the last White Paper.

Roads and transport

EXPENDITURE on this programme remains broadly in line with that envisaged in the previous White Paper. Next year's intended spending is almost exactly the same, at £2.87bn, as last year's White Paper projection. However, because an underspend is now estimated for the current year, spending is expected to rise 3 per cent in 1979-80 (1978 Survey prices).

The only substantial changes since the last White Paper are that provision has been made in 1978-79 and 1979-80 for additional assistance to the Port of London Authority, offset by savings on road construction.

Overall, spending on ports is estimated at £70m in the current year, and £65m in the next. The total is expected to drop to about £50m in each of the subsequent three years, all in 1978 survey prices.

Spending on motorways and trunk roads in England and Wales is expected to be some £70m, or 15 per cent, *below the projections* of the last White Paper in the current year. This follows an underspend of nearly £75m in the 1977-78 financial year, at 1978 survey prices.

The shortfalls are due mainly to delays to the starts of some major schemes and a reduction below earlier estimates of the cost of schemes in progress. In *Scotland expenditure in 1977-78* was £4m, or 5 per cent below projection, while in the current year it is expected to be at the level planned in the last White Paper.

The programmes in England and Wales for 1979-80 have been reduced by a total of £35m, or 7 per cent, to reflect the lower level of commitments, but in later years they will return to the stable level forecast in the last White Paper. In Scotland the programme remains broadly at the levels set out in the last White Paper. It is planned to complete about 950 miles of motorways and trunk roads in Britain between 1978-79 and 1982-83.

Law and order

THE PROGRAMME for law and order services has been increased in each of the next four years from the level set out in the previous White Paper. By 1982-83 spending is projected at £2.27bn in 1978 survey prices, an increase of 8.7 per cent over the estimated out-turn for the current year.

In the earlier years much of the additional provision is for an increase in staff. But in 1981-82 there is provision for an increase in capital programmes and this increase is continued in the subsequent year.

Because of the difficulty of predicting growth in police manpower following the Edmund-Davies inquiry into police pay, no special provision has been included in the programme figures for the extra manpower and associated costs which may be expected but, if numbers exceed the present forecast, provision will be made for the appropriate additional expenditure.

Housing

CAPITAL SPENDING on housing is expected to be substantially below projections made in the last White Paper for the current financial year. Returns available so far suggest that the underspend could be at least £250m, or 10.8 per cent, in 1978 Survey prices.

However, the level of current expenditure for 1978-79 is not expected to differ significantly from last year's White Paper projections.

The net figure for capital spending contains some large movements within the programme. The estimated level of repayments from local authority lending is up considerably. Also, it seems likely that authorities will not utilise fully the resources provided for investment, particularly on housebuilding and the acquisition of land and buildings.

Local authorities have been alerted to the risk of underspend, and discussions have been held with the local authority associations to red uce that risk. The rate of spending may increase in the second part of the year.

A further underspend is expected in the next financial year, of £86m, compared with the projections of the last White Paper, at 1978 survey prices.

In the following two years some increase over the last White Paper is projected, add*ing to the moderate spending* rises already planned.

Total expenditure on housing is now forecast to increase by 4.9 per cent in volume terms between 1979-80 and 19801-81, and a further rise of 2.2 per cent in the subsequent year.

The White Paper also contains estimates of the tax receipts forgone through relief on mortgage interest for owner occupiers.

This total is £1.29bn for the 1977-78 financial year in 1978 survey prices, down 10 per cent on the level of the previous year.

Defence

EXPENDITURE ON defence is expected to rise by 3 per cent a year in volume terms in 1979-80 and 1980-81, in line with Nato Ministers' 1977 agreement to aim for 3 per cent real growth.

The Government's defence policy objectives will be described in the 1979 Statement on the Defence Estimates. No decision has yet been taken abotu the defence budgets for 1981-82 and 1982-83.

Welfare

THE GENERAL PATTERN of social security benefits has not altered from a year ago, after the changes announced in the last Budget are taken into account.

Expenditure on social security will amount to 23 per cent of total public expenditure in the *next financial year, when spend*ing is forecast to have risen 3.1 per cent over the expected turn-out for the current year to £15.84bn in 1978 survey prices.

Expenditure on benefits in 1977-78 fell short of the projections by about £310m. Contributing to the underspend were a lower level of unemployment than assumed, a smaller than expected intake of claims for child benefit and lower administrative costs.

Expenditure in 1978-79 is also likely to fall short of last year's White Paper projections, by more than £200m.

Unemployment is again expected to be lower than previously assumed and a considerable part of the shortfall in both years reflects the revaluation of the planning totals by higher rates of inflation than assumed.

Over the next four financial years spending is projected to expand by 7.7 per cent to £16.55bn. Benefits are assumed to maintain the same average purchasing power each year, while the broad working assumption is built in that the number of unemployed will be unchanged at 1,315,000

Urban aid

THE URBAN programme for the regeneration of inner city areas has been further expanded. Spending is now projected to increase from £30m in 1976-77 to more than £190m in 1982-83, in 1978 survey prices.

The range of eligible projects has been extended to include industrial, transport and environmental, as well as social, recreational and cultural projects as in the past.

A total of £94m was made available for construction work to inner cities during 1977-78 and 1978-79.

Education

TOTAL EXPENDITURE on education is expected to rise by only about 2 per cent over the four years, but within the total there will be significant changes.

In areas where the population will be falling, expenditure will decrease. That will be more than offset by an increase in spending on further and higher education, where student numbers are rising and unit costs are higher.

Plans for future school expenditure assume a 5p increase in the charge for school meals in the autumn, followed by the increases required to maintain the subsidy at about 50 per cent of the average cost of providing a meal.

DEFENCE, OVERSEAS AID AND EEC

On target at present

The Ministry of Defence is both pleased and slightly disappointed by the White Paper. The good news is confirmation that the planned annual 3 per cent real increase of defence spending will be continued in the budget year 1980-81. This is in line with the NATO commitment that all members able to do so will increase real defence expenditure by that amount annually over the five years from 1979 to 1984. With a similar increase already allowed for in 1979-80, the UK will be able to present itself as one of the "good boys" of the alliance when national defence efforts are assessed in Brussels, at least durin gthe first two of the five year period.

The disappointment is with the Ministry's failure to secure a further continuation of the 3 per cent increase into 1981-82, reflecting the practice adopted in last year's White Paper. It is not too serious at this stage. The White Paper stresses that figures for 1981-82 and 1982-83 are "provisional," and that no decisions have yet been taken about defence budgets for these years. There will in any case have been an election before the 1981-82 figures are finalised. What it means is that the Ministry may just have to fight slightly harder next year if it wants to ensure that the NATO target is met.

The Ministry of Overseas Development has fewer worries. The White Paper confirms a steady real annual increase of 6 per cent a year in the overseas aid programme right through to 1982-83. By then, expenditure on aid should be over 26 per cent above the estimated figure for 1978-79, clear evidence of the high priority the Government is giving to improving the programme. Nobody, however, is making any commitments as to when the UK will reach the United Nations target figure of 0.7 per cent of GNP for official development assistance. While countries like the Netherlands, Norway and Swaden have already passed the target, the UK (with 0.37 per cent in 1977) is still only just over half way there.

Spending on overseas representation will rise from £165m in 1978-79 to £177m in 1979-80, largely because projects were postponed to await the outcome of the Think Tank's review of the diplomatic service. Military aid has risen sharply from £2m in 1977-78 to £11m in 1978-79 chiefly because of the special effort to help Zambia. A decision to apply cash limits to the net cost of passport and consular services could mean either an increased passport fee, a reduction of consular services, or a combination of both.

Estimates of Britain's future net contribution to the EEC budget confirm that Britain is likely to have to continue to shoulder a high proportion of it in the years ahead — although the figure of £880m for calendar 1983 is not as high as some previous estimates. The White Paper stresses that the estimates policies or those still under take no account of future EEC discussion in the Council of Ministers. Nor has allowance been made for the Community's forthcoming enlargement to *include* Greece, *Portugal* and Spain.

THE U.K. AND THE EEC BUDGET

	Gross contribution	Receipts (£m)	Net contribtuion
1973	181	79	102
1974	181	150	31
1975	342	398	−56
1976	463	296	167
1977	737	368	369
1978	1,285	555	730
1979	1,430	650	780
1980	1,655	760	895
1981	1,715	940	775
1982	1,710	925	785
1983	1,600	720	880

Reginald Dale

HOUSING AND CONSTRUCTION

A first for constructors

THE CONSTRUCTION industry yesterday welcomed the Government's attempt to provide, for the first time, a separate and detailed analysis of planned expenditure affecting its activities over the next four years. But it coupled its approval with repeated calls for higher levels of investment.

The inclusion of the separate break-down comes in response to the industry's concerted campaign for individual treatment in expenditure programming, which it believes to be an essential weapon in its efforts to protect its own interests. The belief is that the effects of expenditure changes on construction have for too long been regarded as an afterthought and that the industry deserves a better status.

The White Paper also includes a welcome commitment by the Government to t stable flow of future work for the construction sector, which since the last war has been plagued by damaging cyclical variations in output. It points out that half of the capital expenditure proposed in the White Paper up until 1983 will be on construction work.

Direct public expenditure in the construction sector is planned to remain steady over the next four years at about £5½bn a year, although this figure does not include spending on items such as government grants and lending to finance other construction work, *for example by the nationalised* industries and housing associations. Including this expenditure, the total planned level of public spending on construction amounts to a little under £7bn a year until 1982-83.

Though the industry was generally pleased with its separate treatment, it was less appreciative of the anticipated spending levels. The Naional Federation of Building Trades Employers said the plans represented no improvement in the industry's overall workload and that the relationship between construction and total expendiure over the next three years remained the same as projected a year ago.

The NFBTE said that while last year's plans suggested a 4 per cent increase in total construction expenditure in the current financial year, this had now been *revised to 2.9 per cent. In* the same way, an originally forecast growth in expenditure of 1.9 per cent for 1979-80 had now been revised down to 0.9 per cent. A slightly higher than originally anticipated growth was, however, planned for 1980-81, although the following year showed a further fall.

The outlook for civil engineers, *as outlined in the* White Paper, does show some *improvement, with a projected* 12½ per cent increase in central government new works for motorways and trunk routes in 1979-80, followed by a further 8 per cent increase in 1980-81.

The move was welcomed by the Federation of Civil Engineering Contractors, which nevertheless pointed out that spending after 1981 looked virtually flat. The FCEC was, however, alarmed that spending on "other environmental services"—notably such items as water and sewerage—was planned to fall back after a nominal increase this year.

Michael Cassell

LOCAL AUTHORITIES

Prospects for small growth

AFTER THE cut-backs of the *las few years*, which brought the growth of local auhority current expendiure to a shuddering halt and reduced the volume of capital spending by 40 per cent in four years, local councils can look forward to an increase in both current and capial spending.

But if the White Paper is o be believed, the increase will be very modest. The increase in current expenditure this year is put at 2.9 per cent while the provision for 1979-80, on which the rate support grant settlements were based in November, assumes a further increase in ral terms of 2.0 per cent in current expenditure and one of 3.2 per cent in capital expenditure.

For the three following years, however, the White Paper assumes average increases of 1.2 per cent a year for current spending and *0.2 per cent for* capital programmes.

Whether those local councils which have been champing at the bit will be satisfied with these figures, during a period *when public spending as a whole* is set to rise by about two per cent a year, is another matter. As the White Paper somewhat blandly notes, the Government intends to discus the implications of the plans for the years after 1979-80 with the local authority associations "in the normal course of the next public expenditure survey."

To some extent the widespread Conservative local elections wins in th last few years may help to keep local spending on a leash. As several studies have shown—and as the current budget preparations in several inner London boroughs have *reminded us — Labour*-controlled councils tend to have a higher spending propensity than Conservative-controlled councils. The decline in the school population, which has now begun to come through, may also help though the effect of this has already been allowed for in the White Paper.

In the last resort, however, Ministers have no power to control local council's spending decisions. Each authority is free to vary its expenditure on the margin and to raise the extra finance from ratepayers. In the last few years Ministers have tried to induce restraint partly by relying upon their powers of persuasion and party by improving the leverage over local spending which is afforded by the rate support grant.

This last point has been *achieved* partly by imposing a cash limit on the grant and partly by basing the grant upon an expenditure target derived not by extrapolating existing trends but by negotiating for a figure nearer to what the Government considers acceptable.

The more crucial question, however, is whether local councils will be prepared to limit their aggregate spending plans to the ceilings contained in yesterday's White Paper — or whether their collective perception of local needs — and Ministers' own responses to events — will lead to an upward *year by year adjustment as has* happened in the past two rate support grant negotiations.

Colin Jones

EDUCATION

The best of intentions

GOOD intentions for spending on education and assoctated activities in Great Britain are shown by the White Paper's projection of a 4½ per cent increase in expenditure from 1977-78 to 1981-82. The rise planned in last year's document was only 3 per cent.

The differences between the two plans notionally represent *additions to current expenditure* of £50m to make £8.8bn in 1979-80; £42m to £8.9bn in the following year, and £39m to rather more than £8.9bn in 1981-82. But these increases not only share the White Paper figures' general liability to be cancelled by a counter-inflationary Budget in the spring, but the spending of the money also depends heavily on local authorities' willingness to make up for their underspending *of the funds supposed* to have gone on education during the past few years.

Of the £50m extra for 1979-80, about £30m would depend on this co-operation by the local authorities. The same applies to about half of each of the increases of £42m and £39m now *projected for the following two* years.

Taken badly, the plan shows a decline in the schoolteaching force from a peak of £521,000 staff at present to 502,000 in 1982-83. But a corresponding fall in the number of school pupils from 9.9m to 8.9m nevertheless means that the ratio of teachers to children would improve over the period from 1:19 to 1:17.8.

The improvement reflects the Government's decision to continue employing more teachers than would strictly be justified *by the falling pupil population*, in addition to maintaining staff to cover for teachers whom it would like local authorities to send on training and re-training courses.

On school meals, the assumption of only a 5p rise in the charge to 30p later this year, again postpones the achievement of the long-standing and again repeated promise to cut the taxpayer subsidy for school meals and milk to 50 per cent.

By the Government's reckoning, which leaves out of account the £190m cost of providing free meals to poorer children and to supervising staff, the subsidy in 1978-79 will be about 54 per cent. The inclusion of the £190m would put the full sub*sidy at 67 per cent.*

The field scheduled to benefit most from the new projections would be the science budget, which by comparison with a 1978-79 estimate of 266m, is planned to grow by between 4 and 5 per cent. It is no secret that, if the new White Paper were to be cancelled by a spring Budget, this increase in spending on science would be the achievement which Mrs. Shirley Williams, the Education Secretary, would most regret to lose.

Michael Dixon

DEVOLUTION

Preparing for the aftermath

FOR THE first time devolution rears its head in the White Paper. On the assumption that both Wales and Scotland vote for separate assemblies in the referendums on March 1 the government has separated the figures for those services to be dvolved. It promises that in future they will be presented in separately identified public *spending programmes*.

Forecasts are made for spending on developed services forward to 1982-83 but the document is careful to explain that the amount allocated will only be settled after consultation with the Scottish and Welsh administrations.

Forecasts after 1980 can therefore only be broad estimations. The White Paper postulates that expenditure on services to be devolved to Scotland will amount to £3.174bn in the current year compared with an English equivalent of £21.906bn. The figures are expected to rise to £3.263bn and £22.310bn respectively in 1979-80.

In Wales spending on the devolved services will amount to £1.398bn this year against an English equivalent of £21.371bn and rise to £1.43bn and £21.764bn respectively next year.

The English totals are slightly different in the case of Scotland and Wales because the coverage of spending proposed for devolution to Scotland is somewhat different from that of Wales.

In Scotland the greatest single amount—£943m this year — is allocated to health and personal public services, with education and the arts running some way behind, and housing in third place. In Scotland these three account for slightly over 70 per cent of total government spending, whereas in Wales the percentage is 77.

The *White Paper shows* that while the impact of North Sea oil and regional policy had a beneficial effect on the Scottish economy in the earlier years of this decade, since 1976 it has been developing broadly in line with the UK.

Both the Scottish and Welsh Development Agencies have been allocated extra funds as forecast in the Queen's speech last November which promised that more would be allocated to them over the next five years. The SDA has received an extra £25m in real terms and the WDA £6m.

Road spending in both countries continues to be maintained at high levels. In Scotland provision is made for the completion of the motorway network in central Scotland and northern routes associated with North Sea oil, while in Wales priority is being given to the completion of the M4 motorway and the A55 along the *north* Wales coast.

Anthony Moreton

Henlys hits peak £5.7m and remains optimistic

REPRESENTING another year of sustained progress at Henlys, motor-car dealer, pre-tax profits advanced 32 per cent from £4.32m to a record £5.7m for the year ended September 30, 1978, on turnover, excluding car tax and VAT, of £191.1m against £160.2m.

In June, when forecasting record full year results, Mr. Gordon Chandler, the chairman, anticipated that second-half profits would at least match the previous year's corresponding period—in the event, taxable surplus was up from £2.64m to £3.16m.

He now says figures for the first quarter of the current year indicate profits keeping pace with the corresponding period of 1977-78.

With the probability of the passenger car market continuing buoyant, Mr. Chandler remains optimistic as to prospects for the current full year.

After tax of £2.26m (£1.4m) stated 1977-78 earnings per 25p share rose from an adjusted 25.8p to 29.1p before extraordinary items, and from 26.6p to 35.2p after.

On increased capital, a final dividend of 5.71p net makes the total payment, 8.71p (6.5906p), equivalent to 13p gross, as forecast at the time of last June's rights issue.

	1977-78 £000	1976-77 £000
Turnover*	181,100	160,200
Depreciation†	1,962	1,106
Profit	6,611	5,232
Interest charges	909	910
Profit before tax	5,702	4,322
Tax	2,261	1,407
Net profit	3,441	2,915
Extraord. credits‡	728	95
Available	4,169	3,010
Pref. dividend	10	10
Ord. dividend	1,114	727
Retained	3,045	2,273

* Excluding car tax and VAT. † Net of surplus on disposals of £21[illegible] (£83,000). ‡ Surplus on disposal of properties.

Ashley Ashwod
Mr. Gordon Chandler, chairman of Henlys.

The chairman reports that motor trade sectors of the group have on the whole been successful. Improved supplies of most marques, coupled with the best passenger vehicle market since 1973, ensured an increased contribution from retail passenger vehicle sales; service departments were very active and able to operate at enhanced efficiency levels.

Operations in parts departments were restrained, reflecting continuing difficulties in supply, and in the petrol market the price-cutting conditions encountered in 1976/77 were present for most of the financial year.

The construction equipment division, which includes Rolls Royce diesel engines and parts, had an extremely good year with profits well in advance of the previous record, Mr. Chandler states.

Vehicle leasing demand followed the rising trend experienced in 1976/77, and the leasing division contributed the highest profit in its history.

See Lex

Gough Cooper slumps with £0.34m housebuilning loss

REPORTING pre-tax profits more than halved at £504,000 against £1.25m in the year to September 30, 1978, the Board of Gough Cooper and Co. says the results have been adversely affected by poor performance in contract housebuilding which suffered losses of about £750,000.

Action has been taken to avoid further losses from this sector. Since the accounting date, land has been purchased at realistic prices, the Board says, and the group now has a land bank sufficient to meet an increasing private housing development programme.

Investment in plant hire activities will continue. By concentrating on the group's core activities and provided no unforeseen changes occur in the private housing sector, the Board anticipates results at least as good as the year ended September, 1977.

At the interim stage pre-tax earnings stood at £285,000 against £579,000.

In the 12-month period, the plant hire division increased its contribution to group profits for the third year in succession, and opened a new depot at Dagenham in December, 1977. Rental income from property investment increased due to rent reviews.

Turnover increased from £17.34m to £22.67m.

Stated earnings per 20p share fell from 8.06p to 6.56p, and a final dividend of 3.38p (3.33p) gives a total of 5.36p (5.28p).

During May, 1978, all of the group's freehold land and buildings including investment properties were valued, based on open market values for existing use. The aggregate value of the properties at valuation was £8.64m, giving a revaluation surplus of £4.25m which has been credited to group reserves.

● comment

As the interim results indicated, Gough Cooper's pre-tax profits are catastrophic. Two years ago when private housebuilding activity was in the doldrums, the company moved into the competitive field of local authority and housing association contracts. Margins there are low and occasionally non-existent with the result that substantial leaving little scope for errors losses have now been suffered. Hindsight is often a cruel judge but the misfortune is compounded by last year's significant pick up in the private building sector. With only 260 unit completions, against 311 in 1977, Gough has clearly missed the boat which spurred the more speculative operators. The company, meanwhile, maintains that this was an exceptionally bad trading period and with provisions now made for all anticipated losses, housebuilding should be well back into profit in the current year. Land prices, however, are more expensive and with interest rates again high the group will be restoring its position at some cost. Meanwhile, the picture for private housebuilding in 1979 is less bright. Goug'h p/e of 10½ at 72p and yield of 11.6 (on a just covered dividend) discounts the expected recovery while the sector's rating is below the stock market average.

HIGHLIGHTS

Lex considers the Public Spending White Paper in the light of the present highly unstable political environment and also examines the possibl impact of th proposed changes in the powers of the Price Commission. Among the companies Henlys is looking forward to a substantial release of working capital thanks to BL's new stock financing scheme. English Propetry Corporation, which is already subject to an offer from Dutch group Wereldhave, has received an approach from Eagle Star. Elsewhere Magnet and Southerns has produced a sharp jump in half time profits and Anglia TV, in common with the sector, has produced another good increase. On the housebuilding front there are figures from Gough Cooper and Countryside, while Amber Day has been bolstered by a new acquisition. Baker Perkins comes up with a dividend boosting rights issue.

Brooke Tool doubled

A SECOND half profit of £204,000 against £109,400 at Brooke Tool Engineering (Holdings) left the full year's figure to September 30, 1978, doubled at a record £324,800 pre-tax, compared with a previous £161,700.

The directors state that the current year has started satisfactorily and given reasonable trading opportunities, they are confident for the future.

Turnover for the period was up from £4.81m to £5.7m and profits were struck after interest of £92,700 (£116,400). After tax, ACT, of £46,900 (£21,000) the net balance came out at £277,900 against £140,700.

In context of last year's three-for-five rights issue the dividend is increased from a single payment of 1p to 2.5125p net per 25p share—equivalent to 3.75p gross as forecast—with a 1.4125p final.

Whatlings down by £300,000

AS FORECAST, pressure on margins in the UK and overseas has resulted in a drop in pre-tax profits at Whatlings, civil engineering and building contractor, from £660,873 to £362,106 in the year to September 30, 1978. Turnover fell from £20.54m to £19.29m.

Earnings per 25p share are stated at 4.31p against 7.77p and the net final dividend is increased from 1.668p to 1.967p, making a total payment of 2.867p (2.568p).

Finlas goes ahead to £415,000

TAXABLE profits of Finlas Holdings jumped to £415,000 in the 18 months to September 30, 1978, on turnover of £6.61m. In the previous year the group turned in pre-tax profits of £94,000 on £2.66m turnover.

The latest profit figure is ahead of the forecast made in July, 1978, when the group announced the acquisition of Proctor Homes, house builders and general jobbers, with effect from April 1 of that year.

The pre-tax figure is struck after interest up from £65,000 to £122,000.

The final dividend is, as forecast, 3.85p which brings the total to 11.55p after payments of 2.6p and 5.1p net per 50p share. The payment for the previous year was 2.6p. Stated earnings per share jump from 9.1p to 24.7p.

Anglia TV rises to record £3.53m

ON TURNOVER well up from £15.76m to £20.32m taxable profits of Anglia Television Group rose from £2.67m to a record 3.53m for the year ended October 31, 1978. Profits were struck after Exchequer Levy of £3.12m against £2.32m.

At the halfway stage profits had advanced from £1.3m to £1.95m but the directors said that second half results were unlikely to match those of the first period.

In a buoyant market the group continued to increase its share of advertising revenue, and overseas sales of programmes again made a significant contribution to exports, for the year.

The volume of advertising continues at a satisfactory level, directors say, but they add that if the present economic problems of the nation continue, the future must be uncertain and they say it is difficult to make any accurate forecast.

However, despite increasing costs the current year's results should benefit from increased overseas sales and profits from non-television sources, and the directors look forward to the future with confidence.

Stated earnings per 25p share are 13.79p (13.38p) and a final payment of 2.6288p net lifts the total dividend to 4.7168p

The directors believe that no apportionment is likely to arise as a result of the company's close status for tax purposes.

● comment

Anglia's full year results—profits up by a third—are exactly what the market was expecting. Advertising revenue has been buoyant in line with other TV contractors although there are indications that this is slackening off as the retail boom subsides. Much depends on the state of the economy but export sales (including the link with Trident to promote programmes overseas) as well as the non-television interests will remain useful contributors. At 90p the shares are on a p/e of 4.6 while the yield is 8 per cent, a rating which probably reflects the company's uncertainty.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Albion	1	Apr. 1	Nil	1.6	Nil
Amber Day int.	0.84†	Apr. 28	0.73	—	2.16
Anglia TV	2.63	May 1	2.3	4.72	4.18
Brooke Tool	1.41†	—	1	2.51	1
Countryside Props.	1.67	—	1.33	2.68	1.48‡
Finlas	3.85	—	2.6	11.55§	2.6
Gough Cooper	3.38	—	3.33	5.36	5.28
Henlys	5.71†	Apr. 6	4.59	8.71	6.59
Lookers	1.75	Apr. 30	1.55	2.74	2.48
Magnet & Sthrns. int.	2.61	Apr. 2	2.33*	—	5.95*
J. Saville Gordon int.	0.5	Apr. 2	0.4	—	1.63
Scottish Amer. Invest.	2.05	Mar. 22	1.7	2.95	2.5
Stock Conversion int.	1.34	Mar. 12	0.99	—	2.01
U.S. & Gen. Trust	5.08	Mar. 15	4.34	8.83	5.94
Whatlings	1.97	Apr. 9	1.67	2.87	2.57
Pengkalen 3rd int.	2	Apr. 2	2.5	4.5	6.5
Idris Hydraulic 2nd int.	3	Mar. 12	4.5	—	12
Gopeng Cons. 3rd int.	5.5	Apr. 2	4.5	18	18

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 15 months. § For 18 months.

Countryside jumps to £605,000 and a further advance expected

PRE-TAX profits of Countryside Properties jumped to £605,000 for the year ended September 30, 1978 compared with £243,000 for the previous 15 months. Turnover was up by £3.78m to £12.88m.

A further improvement in profits is expected in the current year provided, the directors say, the general economic situation allows the business level of recent months to be maintained.

They view the future with a high degree of optimism, looking forward to continued progress in all aspects of housebuilding and property development.

Earnings per 5p share for the year are given as 9.3p against 3.5p for the 15 months and the dividend is increased to 2.68p (1.485p) net with a final of 1.675p—the group's future dividends come under the recovery rules and need not be limited by current restrictions.

Land stocks held by the group are sufficient to meet output at present activity levels for some three years and will produce about £36m of turnover, at current selling prices.

In addition, Countryside has a contract to purchase in phases for future development a further 100 acres at Chelmer Village, Chelmsford, in Essex, directors state.

The sales position is good, they say, with more than £5m of housing now forward sold.

	Year 1977-78 £000	15 mths. 1976-77 £000
Turnover	12,877	9,095
Trading profit	1,440	1,237
Interest	835	994
Profit before tax	605	243
Tax	46	32
Net profit	559	211
Dividends	96	55
Retained	463	156

● comment

Countryside's share price has recently enjoyed a good run so pre-tax profits more than 200 per cent ahead (on an annualised basis) come as little surprise. Margins in the second half are almost two points higher than the first six months reflecting tighter controls and the development of better quality sites. The other important factor during the year has been lower average interest rates which helped reduce the group's interest charge by £159,000; borrowings apparently were also lower at the year end. Interest rates, of course, are no longer favourable and Countryside's high gearing may well prove more costly this year. But despite the less optimistic outlook for housebuilders, the company benefits from its base in the prosperous South-East commuter belt and has a good quality land bank to take full advantage of the demand. At 53p the shares are on a p/e of 5.5 and yield just under 8 per cent.

Arthur Lee warns on current year

EXPECTATIONS of Arthur Lee and Sons for the current year are for overall results from trading comparable with those of the past year, Mr. H. P. Forder, the chairman says in his annual report.

However, there are both national and international influences at work on the group's price and cost levels which are causing concern, the chairman says. His expectations are assuming there are no substantial labour disputes either within the group's own works or those with whom it deals.

Turnover for the year ended September 30, 1978 at £33.42m was almost identical in value with that of the preceding year. The lower sales tonnage implied and some narrower margins were responsible for most of the drop in pre-tax profits from £2.85m to £1.89m.

The tax charge is substantially below the normal 52 per cent, is due to provisions released following the sale of Aciers Alexis S.A. which are not subject to tax.

Minority interests have also shown a significant reduction due to the lower profitability of the group's bar operations.

As a result the group profit, after tax and minority interests, showed an increase upon the equivalent figure for last year.

The strip and wire division's turnover was slightly down on 1976-77.

The new year started on a stronger note, and so far as plant is concerned the group will benefit from the modernisation and conversion of one of the main mills.

The improvement in demand for ropes did not materialise, and while John Shaw's production was marginally greater than the previous year, the group was unable to achieve the price levels necessary to recoup the effects of inflation.

There is little sign of any increase in demand at the present time but determined efforts are being made to improve recent performance, the chairman says.

The three stockholding companies performed very well—collectively improving on the results achieved in the preceding year and making an overall divisional contribution which they expect to maintain this year.

At Lee Bright Bars, a weakness in orders still persists, not helped by strict American import regulations, but lightened somewhat by the opening of the Chinese market which will help materially over the next few months and hopefully beyond.

The chairman is retiring and Mr. Peter W. Lee, present deputy chairman will succeed him, following the annual meeting at Sheffield on February 9.

Stockconversion sets its sights on £8m

WITH PRE-TAX revenue doubled from £2.48m to £4.95m for the six months to September 30, 1978, the directors of Stock Conversion and Investment Trust are increasing the full year target to around £8m, compared with the previous forecast made last August of about £7m.

For the previous full year, taxable revenue reached a peak £5.36m (£4.17m).

Group revenue jumped from £2.48m to £4.86m in the half-year, including substantially higher dealing profits of £1.88m against £45,000 last time.

The pre-tax result included associates' revenue up from £576,000 to £686,000, but was struck after minorities of £593,000 (£578,000).

The net interim payment is lifted to 1.34p (0.99p) per 25p share and the directors expect to recommend a total pay out in excess of 10 per cent, following last summer's relaxation in dividend controls whereby increases can be related to cover.

They say the final amount will be determined in the light of circumstances then prevailing—last year's final was 1.02175p.

Half-yearly tax charge of £2.27m (£1.32m) was less than 52 per cent due to substantial capital allowances and losses brought forward on some subsidiaries.

Mears Brothers stops trading and asks for Receiver

THE TROUBLED construction group, Mears Brothers Holdings, is to cease trading after revealing that it has been hit by further massive losses. The group asked its bankers, Barclays, to appoint a receiver and he is likely to be named this week.

The company asked for its shares to be suspended on the London Stock Exchange. The suspension price was 15p which valued the group at £1.1m.

Nobody was available for comment at Mears yesterday but it is believed that an audit is still in progress within the group for the financial year ended September 30, 1978.

Mears is a small civil engineer and building contractor and one of many which have felt the full effects of the construction recession.

In its last reported financial year ending September 30, 1977, Mears announced a dramatic slump in profit from a record £916,000 to £110,000. In the second half of that year it had suffered a £190,000 loss.

Mear's chairman Sir George Middleton said in his annual statement said that the company had "not anticipated the unusual situation that would apply in which each of the major activities, both in the United Kingdom and overseas would all suffer a series of setbacks at the same time."

Construction in the UK had been hit by the intensity of the competition, a wet summer, problems on "certain contracts" in the building division and on a road and bridge contract in the civil engineering division. Plant and equipment distribution activities had been hit by the delays in the award of North Sea oil platform construction contracts and in the expansion of opencast mining operations. Pipeline products sales had been affected by the worldwide recession.

Overseas, in the Middle East, Mear's profits were substantially reduced by the inflation of its local costs and by adverse exchange difficulties.

For the six months ending March 31, 1978, things went from bad to worse: profits fell from £300,000 to a loss of £1.5m. No dividend was declared.

These last reported results were said by the chairman to reflect losses in all the group's operations except plant and equipment distribution.

Losses on two civil engineering contracts amounted to £1.12m, of which £683,000 represented full provision for anticipated future losses to completion of the contracts.

Overseas construction work and the high-pressure water jetting business had recorded losses of £154,000 and £344,000 respectively. "Neither appears likely to make a positive contribution to the group within an acceptable time scale, and accordingly the overseas construction operation has been closed," said the company. It was planned to sell the water jetting business.

But in spite of the mounting difficulties Mears said "the group is budgeted to achieve a trading profit in the second half, although there is no prospect of recouping all losses of the first six months."

Yesterday, Mears explained that the improvement in the trading results anticipated at the time of the interim statement had not been achieved.

In the last accounts net assets stood at 49.4p per share. Net debt was £3.19m, and three-quarters of that was a bank overdraft. Shareholders funds stood at £3.46m. Industrial and Commercial Finance Corporation (ICFC) hold a 25 per cent stake and Barclays Bank Trust Company holds about 5 per cent.

BIDS AND DEALS

FTI broadening sound reproduction side

Forward Technology Industries, the electronic products manufacturer and distributor, has paid an initial £741,750 for 96.75 per cent of the capital of **Cambra Products**, a designer, manufacturer and marketer of record and cassette storage equipment.

A further cash consideration, up to £250,000, is payable at a rate of £3.50 for every £1 by which the profits before tax of Cambra and its subsidiaries for the year to June 30, 1979, exceed £200,000.

The extra amount is payable after receipt of the Cambra audited accounts for the period.

The acquisition is designed to broaden the scope of activities of an existing FTI subsidiary, Metrosound Audio Products, which distributes accessories for all forms of sound reproduction plus Thorens turntables. Prior to the acquisition it also had a 49.4 per cent interest in The Tape Duplicating Co., a holding company set up to integrate its tape duplicating business with htat of Trident Tape Services, a company acquired by FTI in 1976. This interest has been sold to FTI.

According to Mr. Kenneth Cobley, FTI's deputy chairman, Cambra and Metrosound will be run as two separate businesses. "In the course of time we will see what co-operation comes as a result of them working together in harness," he said.

In the year to June 30, 1978, FTI reported a total turnover of £23.9m and profit before tax of £1.37m. In the same period Cambra's pre-tax profit was £180,000 on sales of £2.03m. FTI said yesterday that unaudited management accounts indicate that sales and profits of Cambra in the five months to November 30, 1978, were in excess of those for the corresponding period in 1977.

The acquisition is the second made by FTI since its last financial year end. Parchmore Machinery, a specialist lamp machinery producer, was acquired earlier for £85,000.

Hawker Siddeley spends £1m on Brazilian investment

Hawker Siddeley Group has purchased for £1.1m cash one-third of the equity of Spig, an electrical manufacturer and electrical and mechanical contractor in Brazil.

Spig has been producing extra high voltage switches for the past five years to the designs of Brush Power Equipment, a Hawker Siddeley company.

It is hoped that the new Hawker Siddeley financial interest in the company will enable the range of products *manufactured to be extended.*

Mr. K. V. Latham, managing director, and Mr. R. A. Hudspeth, director, of Brush Power Equipment have been appointed to Spig's advisory council and Dr. Helio Nicoletti, a partner in Hawker Siddeley's lawyers in Brazil, has been appointed to Spig's Board as nominee of the Hawker Siddeley Group.

LESLIE AND GODWIN

F. B. Hall Inc. of New York, Leslie and Godwin (Holdings) and Rothschild Investment Trust, jointly announce that the Lloyds Insurance Broking interests of the Leslie and Godwin Group, Leslie and Godwin (previously Leslie and Godwin International), and Leslie and Godwin (Underwriting, are now held 75 per cent by Rothschild Investment Trust and 25 per cent by Lesliet and Godwin (Holdings.

Leslie and Godwin will continue to co-operate closely with the F. B. Hall Group worldwide.

The oBard of Leslie and *Godwin will be as follows:* R. W. Baker (chairman), J. G. Alston (deputy chairman), D. W. H. Smith (managing), R. N. Singer, W. R. Dolan, A. J. Tahmoush, L. S. Wigdor, C. F. Williams.

$50m facility for Sime Darby

Sime Darby **(Holdings)** has obtained a $50m medium-term loan facility from the Union Bank of Switzerland to pay for its bid for Guthrie Corporation.

The floating-rate loan is understood to be at a competitive margin.

Last summer Sime obtained loan facilities worth 475m Malaysian ringgit. Sime has drawn down only 75m ringgit of this to repay an unsecured loan *stock.*

The new facility and the undrawn portion of the old ones amount to less than the £122m value of the Guthrie bid, emphasised a spokesman for Sime yesterday. So observers should not draw the conclusion that Sime was preparing to *increase its offer.*

GEI £3.6M BID FOR MOSS ENGINEERING

GEI International, the fast-growing engineering company, is to bid £3.6m in shares for **Moss Engineering Group.** Terms are nine GEI shares for every 10 of Moss.

The bid was forced by yesterday's rise in the share price of Moss, said Mr. T. Kenny, chairman of GEI. He would have preferred to talk to the Moss Board before making the offer but his hand had been forced, he said. Shares of Moss rose 7p to 72p yesterday, compared to the bid value of 78p. GEI shares were unchanged at 86p.

Moss's business would be a "logical expansion" for GEI, according to Mr. Kenny, particularly in the fields of gear work, pressings, pumps and general engineering work. He hoped that his company could take measures to improve the performance of Moss.

Profits of Moss have varied between £400,000 and £1m in the last 10 years. A profit of £504,000 was made in the year to August 31, 1978, on turnover of £11m. The earnings of the two companies in 1969, according to Mr. Kenny, whereas in its last full year, GEI made £6.5m.

Mr. E. Cars, chairman and managing director of Moss Engineering said last night that his company received many appreaches and he had not seen the datails of this one. He would not comment until then.

The largest shareholders of Moss are Brittanic Assurance with 10.9 per cent and M and G Group with 5.9 per cent.

ISSUE NEWS

Baker Perkins raising £3.5

Engineering group Baker Perkins is making a £3.55m cash call on shareholders by way of a one-for-eight rights issue at 125p each. In the market Baker's shares slipped back 5p to 155p.

Along with the issue comes a forecast of a 50 per cent increase in the dividend payout.

The company's last rights issue was three years ago when it raised £2.6m by an offer of three-for-10 at 50p each. At the time Baker's shares were trading at 65p in the market.

Since then the company has recorded a marked improvement in both profits and its return on capital employed.

This, the company claims, has been achieved by more effective marketing, product development, the elimination of less promising activities and modernisation of factories.

The upturn in orders, noted in the interim statement, has continued with a consequent increase in stocks and pressure on working capital. Capital expenditure in the UK is running in excess of £5m a year and a further advance is anticipated in 1979. Also Baker spent £3.5m during the last 12 months in three overseas acquisitions.

These factors are put forward as the reasons why the directors consider Baker should now raise additional capital.

At the beginning of December, Baker announced first half profits of £3.23m against £3.55m, but indicated that the full year would show a satisfactory improvement. The directors now reaffirm that the company's trading position has remained unchanged since. A profit improvement is expected provided that industrial unrest does not cause prolonged disruption.

The directors intend to pay a second interim of 4.35p per share, lifting the year's payout to 6.45p (4.3p).

Morgan Grenfell is underwriting the issue and borkers are Hoare Govett and Foster and Braithwaite.

● comment

Baker Perkins is not short of cash, so the £3.5m rights issue is somewhat surprising. It amounts to less than a tenth of the group's market capitalisation and comes at a time when it has plenty of borrowing capacity and gearing represents only 9 per cent of shareholders' funds. Part of the explanation is that the company is reluctant to step up *borrowings when interest rates* are rising but the main reason must be the opportunity it gives to boost the dividend; under the new cover rules it is unlikely the company would have been able to lift the payment to anything like the intended level. The money will nevertheless prove useful at a time when much more working capital is going to be needed. Meanwhile, the second half is showing a dramatic improvement in all markets and pre-tax profits of around £10m should be possible for the year—an increase of 12 per cent. In spite of the recent jump in the price—up 23 per cent since the interim figures—the shares still look attractive. At 55p the ex-rights prospective p/e (low tax charge) is 5 while the yield is 6.6 per cent.

IAS CARGO

Dealings got off the ground yesterday in IAS Cargo Airlines—the largest UK independent all-cargo carrier. The company has raised £1m by an issue of convertible preference shares, which are free of stamp, though a full listing has not been obtained.

Dealings are allowed in both the ordinary and prefence shares on the unlisted securities market. The ordinary opened around 83p and closed at 89p, and the preference started trading at 120p but closed the day slightly lower at 118p.

Montfort cash call

Montfort (Knitting Mills) is proposing to raise about £400,000 by way of a rights isue to provide additional capacity for hosiery manufacture.

The issue will also broaden the company's capital base and reduce borrowings which, at December 31, 1978, stood at £1.03m, compared with shareholders' funds of £3.7m. The issue wil be on the basis of one for three at 58p, payable in full by February 26.

Montfort says that the expenditure will provide up to 20 per cent extra capacity at the Margate and Leicester factories. Also it will enhance the company's position in the UK socks market while helping to expand exports.

The issue document reports that recent trading has confirmed the progress anticipated by the directors in their interim statement.

The directors now estimate that group profits before tax for 1978 will be around £475,000, a 49 per cent increase over the previous year. The proposed final dividend will be 2.837p net for a total of 3.925p (2.49p).

At the halfway stage profits were up from £217,459 to £369,286.

The rights issue has been underwritten by Kleinwort, Benson and the brokers are Hoare Govettt.

An extraordinary meeting to approve an increase in the authorised capital from £725,000 to £1,125,000 will be held on February 5. Dealings are due to start the following day.

NEW LIFE BUSINESS

London and Manchester writes 23% more

A successful year for life business in both the ordinary and the industrial branches is reported for 1978 by the **London and Manchester Assurance.** New annual premiums in the ordinary branch, including business from its subsidiary Welfare Insurance, in life and group life business rose by 23 per cent from £3.49m to £4.31m. Single premiums on life business advanced by 50 per cent from £380,000 to £540,000. Sums assured were 23 per cent higher at £294m compared with £238m in 1977.

The company experienced buoyant sales in its pensions and annuity business, with annual premiums doubled at £690,000 against £350,000 and single premiums up 40 per cent from £450,000 to £630,000.

In the industrial branch, new annual premiums rose by 18.5 per cent from £3.02m to £3.58m with new sums assured 17.5 per cent higher at £47m against £40m in 1977.

The Pioneer Mutual Insurance Group also recorded successful trading in 1978 on both its ordinary and its industrial life business. Overall new annual premiums were 36 per cent higher on the year at £2.6m compared with £1.9m in 1977. Single premium, however, declined on the year from £3.2m in 1977 to £2.7m in 1978. The new sums assured secured by these premiums advanced by 64 per cent from £98.8m to £162.5m.

Most of this growth came from the ordinary branch were new annual premiums moved ahead by 67 per cent from £760,000 to £1.27m. In the industrial branch, growth was much less spectacular, with new annual premiums increasing by 16 per cent from *£1.15m to £1.33m.*

U.S. & General Trust increase

Income of the **United States and General Trust Corporation** increased from £944,253 to £1.02m in 1978 subject to tax of £382,709 compared with £358,984.

Franked investment income amounted to £785,535 against £694,720 and unfranked was £244,061 (£254,798).

Earnings per share are shown at 7.47p against 6.85p and the final dividend is 5.084p making a total of 6.834p compared with 5.94p.

Net asset value per 25p share is 258.2p (240.2p).

MINING NEWS

The veteran mines have a good quarter

BY KENNETH MARSTON, MINING EDITOR

THE BEST profit increases in the December quarterly reports issued by the South African gold and uranium producers in the **General Mining and Union Corporation** groups are, for a change, reported by the older mines.

West Rand Consolidated, which started production back in 1908, comes out notably well thanks to a good recovery in revenue from the uranium production which has given the property a new *lease of life. The marginal gold* operations have been helped by a higher than average bullion price received of $222 per ounce.

An even higher gold price of $235 against a below average $187 in the previous quarter has resulted in a good increase in earnings of the marginal **Marievale** mine. **Grootvlei,** which started up at about the same time (1938) has done particularly well in line with increased production, a higher gold price $219 against $201) and lower costs.

Of the younger mines, only **Winkelhaak** and **Kinross** have increased December quarter earnings thanks to the better gold prices. Leslie raised working profits but suffered a larger increase in the tax charge. St. Helena also increased its working surplus but the net profit is below that of the previous quarter when an insurance claim was received.

Net profits of **Stilfontein** have been similarly affected. Construction is ahead of schedule at the joint R60m (£35m) uranium plant—due to be commissioned in 1980—which will extract uranium oxide from Stilfontein's surface tailings dumps, 85 per cent of the production being for Stilfontein and the remainder for **Buffelsfontein.**

The latest quarterly net profits are compared in the following tables.

	Dec. qtr. R000	Sept. qtr. R000	June qtr. R000
Bracken	1,615	1,757	1,858
Grootvlei	1,780	1,314	1,162
Kinross	3,581	3,520	3,844
Leslie	937	1,033	1,212
Marievale	6?3	699	814
St Helena	6,269	7,305	5,107
Winkelhaak	5,977	5,639	5,313

	Dec. qtr. R000	Sept. qtr. R000	June qtr. R000
Buffelsfontein	11,785	11,876	‡9,977
Stilfontein	4,249	4,710	4,117
W. Rand Cons.	†1,204	243	1,131

‡ After repayment of State aid.
† Restated.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: British Electric Traction, Dixon's Photographic, G. R. Francis, A. and J. Gelfer, Jones Stroud, London and Montrose Investment Trust, Provincial Cities Trust, Wellman Engineering.

Finals: Associated Paper Industries, S. and W. Berisford, Brentnall Beard, Corn Exchange, T. Cowie, Denbyware, East Daggafontein Mines, Grand Metropolitan, Lincroft Kilgour, MacKinnon of Scotland, Southvaal, United Guarantee, Vaal Reefs Exploration and Mining, Warner Estate, Western Deep Levels.

FUTURE DATES

Interims—	
Davy Corporation	Jan. 29
Smith (David S.)	Jan. 25
Finals—	
Allen Harvey and Ross	Mar. 7
C G S B	Jan 26
Imperial Chemical Industs.	Feb. 22
Ladies Pride Outerwear	Feb 1?
St Andrew Trust	Feb. 8

RTZ's long-term moly hope

THE **Rio Tinto-Zinc** group's **U.S. Borax** has sharply upgraded the estimated size of its big Quartz Hill molybdenum deposit, 45 miles east of Ketchikan in south-east Alaska. Last year's drilling indicates reserves of some 700m tons of ore grading about 0.15 per cent molybdenum disulphide.

These reserves, which include 500m tons grading 0.18 per cent molybdenum disulphide, are low grade. They come into the same class as those at **Placer Development's** Canadian Endako mine. At the upper end of the scale, the **Amax** group's big Henderson operation in Colorado grades around 0.42 per cent.

But the Quartz Hill orebody is bigger. Its vertical and lateral extent has not yet been delineated and U.S. Borax expects that further drilling will increase the ore reserves of what may turn out to be the second largest deposit of its kind in the world. It also has the advantage of being at, or near to, the surface and thus mineable by open-pit methods.

So far, U.S. Borax has spent $7m (£3.5m) on the Quartz Hill project which, on the basis of present molydenum demand forecasts, could have annual gross sales of $150m—$200m over a life of about 40 years. It is reckoned that the U.S. domestic market would take about 50 per cent of production, leaving the balance for export.

But development of the potential $400m mine is still a long way off. Indeed, its future has been placed in doubt by President Carter's recent designation of 56m acres of federal land in Alaska as national monuments. This status imposes the most restrictive land use regulations and could prohibit development of Quartz Hill.

U.S. Borax points out that in order to stabilise the value of the dollar and to fight inflation and unemployment, the U.S. must develop a sound domestic minerals policy. And a realistic first step is the passage of an Alaska National Interest Lands Conservation Act that balances the environmental and resource needs of the nation.

U.S. Borax is a wholly-owned subsidiary of **RTZ Borax** which, in turn, is wholly owned by **RTZ.**

ROUND-UP

Canada's **Craigmont Mines** intends to extend operations at its copper property near Merritt, British Columbia, until the first quarter of 1980. Previously it was expected that the mine would close in October owing to the exhaustion of its ore.

* * *

Cenex, of Toronto, is expected to start production by the end of this month at its small uranium mine near Beaverlodge in nothern Saskatchewan. An initial monthly mining rate of 8,300 tons is expected to rise to about 14,000 tons by the end of the year, the ore to be delivered to the Eldorado Nuclear plant. Cenex has a sales contract at about C$52 per pound of uranium oxide with **Swedish Nuclear Fuel Supply** for the delivery of 300,000 lbs of uranium oxide over a 10-month period starting in mid-1979. There is also an option for a further 500,000 lbs in 1980-82.

Lookers' rise is £0.3m

LOOKERS' INCREASE IS £0.3m RECORD pre-tax profits, as forecast, are reported by the directors of Lookers, motor vehicle distributor and engineer, for the year ended September 30, 1978.

Despite a static second half, profits finished the full period at £1.72m against £1.44m on turnover well ahead at £57.27m compared with a previous 43.28m.

At the interim stage profits were up from 606,849 to £853,420 and the directors said that the full year's results would be a record.

They now say that an encouraging start has been made to the current year and figures so far show increased profits compared with the corresponding period last year.

Attributable profits for the year were down slightly from £1.48m to £1.46m after tax of £260,676 against a 22,963 credit, and an extraordinary credit, last time, of 18,753.

Stated earnings per 25p share, before tax, are 23.2p (19.9p) and 19.7p (20.3p) after the charge. The dividend is stepped up to 2.7439p (2.4807p) net with a final of 1.74565p.

	1977-78 £	1976-77 £
Turnover	57,271,636	43,280,148
Profit before tax	1,718,476	1,435,594
Tax	260,676	*22,963
Net profit	1,457,800	1,458,557
Extraord. credit	—	18,753
Attributable	1,457,800	1,477,310
Interim dividend	74,008	67,280
Final	129,419	114,891
Supplementary	1,742	1,572
Excess of final†	—	12,139
Retained	1,252,631	1,281,428

* Credit. † For 1976 paid due to increase in share capital on acquisition of "Platts."

£1.3m seen by Saville Gordon

ANNOUNCING A jump in pre-tax profits of J. Saville Gordon Group from £202,035 to £636,401 in the six months to October 31, 1978, Mr. J. D. Saville, chairman, says that, provided there is no major change in the economic climate, he is confident that profits in the second half will be at least as good as those in the first six months.

He adds that the forecast profit of "about £600,000" has been exceeded, and it is gratifying to see this improvement despite the fact that many sectors of industry are operating at reduced levels. All companies within the group are trading profitably.

The net interim dividend is raised from 0.4p net to 0.5p per 10p share. Last year's total payment was 1.6255p on pre-tax profits of £753,000.

Group sales in the six months increased from £8.47m to £10.05m.

Engineers' merchants and stockholding contributed profits of £356,862 on turnover of £4.21m, and metal trading and scrap processing profits of £279,539 on turnover of £5.84m.

Albion expands

Following the first half recovery from losses of £42,000 to a £208,000 profit, Albion reports pre-tax profits of £502,137 for the year ended September 30, 1978, compared with a deficit of £38,872 in the previous year.

In their interim report, the directors were satisfied that the second six months would show a similar level of profit to that of the first half.

They now say that orders on hand throughout the group are encouraging and a satisfactory current year is anticipated. However, the possibility of any improvement on the previous year's result will very much depend on the effects of the industrial unrest on the group's trading.

A final dividend of 1p makes a 1.6p total—no dividends were paid last year. The Belfast-based group trades as makers and wholesalers of outerwear for men, youths and boys.

The year's tax charge is £224,874 (£73,176) leaving net profits at £277,263 against a loss of £112,048. After minorities of £11,330 (£1,533) and debiting extraordinary items last time of £195,886, the attributable profit amounts to £265,933 against a £309,467 loss.

The extraordinary items refer to the costs of closing down a subsidiary company's factory.

Last year, the surplus on the sale of factory premises of £172,793 was deducted from the closing down expenses but due to non-completion, this surplus has been cancelled by way of a prior year adjustment.

The factory has now been resold at a higher figure and this amount will be reflected in the current year's accounts, the directors say.

ASSOCIATE DEAL

On January 16 S. G. Warburg, as an associate of General Electric Company, sold on behalf of a discretionary investment client 25,000 ordinary shares at 324p.

Magnet and Southerns up £2m in first half

INCREASED first half profits and turnover are reported by Magnet and Southerns and the directors say that provided current national disputes do not prove unduly disruptive, then results for the current year to March 31, 1979 should be a record.

Turnover of this timber and joinery group in the first six months improved from £52.12m to £60.03m and profits were higher at £9.23m against £7.08m before tax of £4.46m (£3.39m).

The interim dividend is effectively raised from 2.33p to 2.60555p—the total last year was equal to 5.95456p when pre-tax profit was £13.94m.

The directors say sales to the home improvement market have been very good and have remained so up to the Christmas break. This section of trading now accounts for the largest share of the group's activity.

In the building trade generally activity has not been exciting, but it has been fairly steady and is expected to remain so throughout 1979.

The Board feels that the mini-boom in consumer spending will continue for several months, and that this will be to the advantage of Magnet and Southerns.

Following the change in the company's accounting policy adopted for 1977-78, no provision has been made for deferred taxation in the first-half figures.

The provisions of SSAP 12 regarding depreciation of freehold buildings have been adopted for the first time.

Two major subsidiaries have also reported first half results—Magnet Joinery improved turnover from £21.4m to £26.82m and profits were £5.32m against £3.89m before tax of £2.49m compared with £1.87m.

Profits of Southerns-Evans increased from £3.21m to £3.94m on turnover of £39.96m compared with £36.2m. Tax charge was £1.97m (£1.52m).

● comment

Having marked time for the last couple of years, Magnet and Southerns' pre-tax profits are starting to motor ahead. First half pre-tax profits are 30 per cent higher and the full year is likely to top £18m against £14m. With some 45 per cent of its sales going into the home improvement market, M and S is enjoying the current consumer spending boom which it thinks will last until well into the summer. Profits of Magnet Joinery, in particular, have benefited from the demand for manufactured units, and volume is up by 17-18 per cent. At Southern Evans, there have been neither profits nor losses on the timber stocks and its performance has been buoyed up by the 6-7 per cent growth in UK softwood consumption during 1978. This is likely to tail off in the current year but the company feels that its commitment to the added value part of the home improvement market will ensure further profit growth in 1979-80. At 145p the shares yield a prospective 6.7 per cent.

Expansion at Melody Mills

FOR the six months to September 30, 1978, pre-tax profits of Melody Mills, wallpaper manufacturer, advanced from £165,000 to £310,000.

However, having regard to the industrial unrest in the UK and because results can be significantly affected by the level of sales in the last months of the year, the directors consider it inappropriate to make a forecast for the full year. Last year profits reached £519,000.

First-half turnover improved from £3.31m to £4.47m, tax took £161,000 (£86,000) and earnings per 25p share are shown to have risen from 4.5p to 8.6p.

The company has commenced to charge depreciation on freehold properties and comparisons have been restated.

New menswear side boosts Amber Day

PRE-TAX PROFITS of the enlarged Amber Day Holdings were well ahead from £615,422 to £978,284 in the six months to October 31, 1978, on turnover which jumped from £8.69m to £12.64m.

The directors say that trading continues at satisfactory levels in both the retailing and manufacturing divisions, and with an increased order book the group should turn in record earnings for the full year. Last year the company made taxable profits of £1.15m on £17.22m turnover.

In October, 1978, the group took over Crombey (Menswear) Holdings. Amber Day said at the time that the new group represented a significant step forward in broadening its activities and in building a base for further growth.

In the half year Crombey contributed £2.29m sales, of which £1.95m was before acquisition, and £317,778 taxable profits.

	Six months 1978 £000	1977 £000
Sales	12,640	8,687
Ladieswear retail & manuf. divs.	10,348	8,687
Crombey Group	2,293	—
Grp. taxable profit	978	615
Ladieswear retail & manuf. divs.	661	615
Crombey Group	318	—
Tax	245	146
Attributable	†531	469
Dividends	120	89

† Less £203,000 post-tax profits of Crombey before acquisition date.

After tax of £244,571, against £146,500, Amber's attributable profits come out at £531,009 compared with £468,922. The figure was struck after deducting £202,704 post-tax profits of the Crombey Group prior to the acquisition date.

An increase in the net interim dividend from 0.7331p to 0.8376p is in line with the higher total dividend of 2.5125p (2.1618p) forecast at the time of the Crombey acquisition.

Stated earnings per 10p share are up from 3.87p to 4.28p on increased capital.

● comment

Putting aside the new menswear acquisition profits at Amber Day have been moving rather sluggishly—at the half way stage they are only 7.3 per cent up on a sales rise of 19 per cent. One of the problems has been the disruption caused by the move to the new factory at Middleton which probably cost the company £50,000 of profits. Elsewhere retailing in the West End is not as buoyant as it was and Christmas was probably disappointing. Now that Crombey is in the group retailing accounts for close to 60 per cent of profits and over half of this (35 per cent of the group total) is represented by West End shops. Sales growth in the second half may quieten down and the interest burden following the Crombey acquisition could lop £70,000 off second half profits so the full year is unlikely to produce much above £1.85m pre-tax. At 52p that points to a prospective p/e of 8.2, or 5.3 on a 25 per cent tax charge, and a yield of 6.9 per cent—a rating not far short of the larger Raybeck group.

RTD slumps to £64,627

In line with the forecast last August, pre-tax profits of RTD Group slumped from £157,149 to £64,627 for the half year to August 31, 1978. Sales increased from £3.13m to £3.79m.

The directors also announce that arrangements have been made for the sale of the motorcycle accessories undertaking carried on by Motor Cycle Equipment (Birmingham) to Gidney and Kirby Holdings for £270,000.

This, taken with the previously announced sale of the tyre distribution business, effects a substantial improvement, the directors say, in the group's financial security.

The interim profit fall arose mainly from the effect on the group's exports, of import restrictions in OPEC markets, and low wage economy competition particularly affecting motor accessory sales, they state.

Due to current trading difficulties the directors deem it prudent not to recommend an interim dividend—the last payment was a 0.65p net interim for 1976-77.

The group's liquidity problems have been resolved and it now has a sound financial base.

"The electro-plating activities, excluding motor accessories, are trading successfully," directors state, and trading problems arising from OPEC market difficulties, particularly in Iran and Nigeria, are being given "intensive management attention."

Exports of generator sets are continuing, but difficulties experienced will have an adverse effect on profits over the next year.

Net profit for the six months came out at £7,000 against £71,000 after tax of £58,000 (£86,000).

The net tangible assets of Motor Cycle Equipment at February 28, 1978, were £145,930 and and pre-tax profits £82,028. The directors say the benefits of the sale will be an improvement in debt/equity ratio and a saving of bank interest.

General Mining Group

GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 31 DECEMBER 1978

All companies mentioned are incorporated in the Republic of South Africa

STILFONTEIN GOLD MINING COMPANY LIMITED

Issued Capital—13,062,920 shares of 50 cents each.

Operating results

	Quarter ended 31 Dec. 1978	30 Sept. 1978	12 months ended 31 Dec. 1978
Stilfontein ore milled (t)	494,000	486,000	1,958,000
Gold produced—Stilfontein ore (kg)	4,287·913	4,179·401	16,580·977
Yield—Stilfontein ore (g/t)	8·68	8·60	8·47
Working revenue per ton milled (R)	52·49	48·83	46·75
Working cost per ton milled (R)	39·81	38·51	37·90
Income per ton milled (R)	12·68	10·32	8·85
Financial (R'000)			
Working revenue (gold)	25,929	23,731	91,529
Working costs (gold)	19,665	18,714	74,211
Income (gold)	6,264	5,017	17,318
State aid	—	—	(14)
Income on sale of acid	16	20	61
Income at mine	6,280	5,037	17,365
Net additional revenue	387	2,803	3,817
Less interest	31	33	135
Income before taxation and State's share of income	6,636	7,807	21,047
Taxation and State's share of income	2,387	3,097	6,115
Income after taxation and State's share of income	4,249	4,710	14,932
Capital expenditure	1,149	466	3,123
Trade investments	381	−344	381
Dividends: declared	6,531	—	8,622
cents per share	50	—	66
Loan repayments	53	—	184
Loan balance outstanding	838	831	838
Loan levies	236	302	567
Capital expenditure commitments	399	187	399
Capital expenditure for remainder of year	—	3,493	—
Development			
Advanced (m)	8,747	7,186	30,710
Sampling results: Sampled (m)	1,287	1,038	4,410
Channel width (cm)	29	25	26
Average value: Gold (cm.g/t)	1,400	1,701	1,613
Uranium (cm.kg/t)	24·04	22·66	23·63
Payable:			
Metres (m)	756	702	2,781
Percentage	58·7	67·6	63·1
Channel width	33	29	30
Value: Gold (g/t)	60·8	78·6	75·2
(cm.g/t)	2,005	2,190	2,225
Uranium (kg/t)	0·908	0·924	1·000
(cm.kg/t)	29·98	26·44	29·59

Development Summary

Three months ended 31 December 1978

Total Development

Reef	Metres advanced	Metres sampled	Channel width cm	Gold g/t	Gold cm.g/t	Uranium kg/t	Uranium cm.kg/t
Vaal	1,815	1,236	28	52·8	1,453	0·883	24·27
Ventersdorp Contact	—	—	—	—	—	—	—
Commonage	—	—	—	—	—	—	—
Livingstone	64	51	56	1·7	102	0·316	18·47
Totals	1,879	1,287	29	48·8	1,400	0·838	24·04

Payable Development

Reef	Payable metres	Per-centage payable	Channel width cm	Gold Value g/t	Gold cm.g/t	Uranium Value kg/t	Uranium cm.kg/t
Vaal	756	61·2	33	60·8	2,005	0·908	29·98
Ventersdorp Contact	—	—	—	—	—	—	—
Commonage	—	—	—	—	—	—	—
Livingstone	—	—	—	—	—	—	—
All Reefs	756	58·7	33	60·8	2,005	0·908	29·98

Ore Reserves at 31 December 1978

	West sub-Incline	Toni Shaft area	Margaret Shaft area	Scott Shaft area	East sub-Vertical Shaft area	Total Mine
Tons	347,000	96,000	378,000	253,000	344,000	1,418,000
Stope width—cm	120	120	120	120	120	120
Value: Gold: g/t	13·14	26·27	14·52	11·98	12·45	14·02
cm.g/t	1,577	3,762	1,742	1,438	1,494	1,682
Uranium: kg/t	0·255	0·441	0·313	0·238	0·266	0·283
cm.g/t	30·66	52·95	37·53	28·59	31·96	33·94

The following Tonnages are included in the above Ore Reserves:

(1) Unavailable ore reserves in shaft pillars, etc: 117,000 tons at a value of 12·67 g/t.

(2) Inaccessible ore reserves requiring opening-up operations: 1,242,000 tons at a value of 12·18 g/t.

Ore Reserve pay limit calculated at R5,731/kg ($205/oz).

REMARKS

The development rate was increased by 1,562 metres mainly in the HB20 area in order to create additional stope faces.

Progress on the construction of the uranium plant is satisfactory and still ahead of schedule. A separate company has been formed for this project namely Chemwes Limited in which Stilfontein Gold Mine has acquired 85% of the issued share capital and the remaining 15% has been taken up by Buffelsfontein Gold Mine.

NOTES:

Development values above represent actual results of sampling (no allowance having been made for any adjustments which may be or were necessary) when estimating ore reserves at the end of the financial years.

All financial figures are subject to audit.

The black labour supply on all the mines is exceptionally good.

The quarterly reports have been approved and signed on behalf of the respective companies by two directors. Copies are available from:

London Secretaries:
General Mining and Finance Corporation Limited,
Princes House, 95 Gresham Street, London EC2V 7EN.

17 January, 1979.

BUFFELSFONTEIN GOLD MINING COMPANY LIMITED

Issued Capital—11,000,000 shares of R1 each.

Operating results

	Quarter ended 31 Dec. 1978	30 Sept. 1978	6 months ended 31 Dec. 1978
Gold			
Ore milled (t)	786,000	770,000	1,556,000
Ore milled by Stilfontein (t)	12,000	27,000	39,000
Ore milled—Total (t)	798,000	797,000	1,595,000
Gold produced (kg)	6,599·235	6,724·430	13,323·665
Gold produced by Stilfontein (kg)	86·238	207·092	293·330
Gold produced—Total (kg)	6,685·473	6,931·522	13,616·995
Yield (g/t)	8·40	8·73	8·56
Yield by Stilfontein (g/t)	7·19	7·67	7·52
Yield—Total (g/t)	8·38	8·70	8·54
Working revenue per ton milled (R)	50·99	49·76	50·38
Working cost per ton milled (R)	34·26	34·43	34·34
Income per ton milled (R)	16·73	15·34	16·04
Uranium			
Pulp treated (t)	786,000	770,000	1,556,000
Oxide produced (kg)	163,100	150,900	314,000
Yield per ton (kg/t)	0·208	0·196	0·202
Financial (R'000)			
Working revenue (gold)	40,694	39,660	80,354
Working costs (gold)	27,338	27,437	54,775
	13,356	12,223	25,579
Tribute agreement—Vaal Reef (Nett)	(653)	(1,088)	(1,741)
Income (gold)	12,703	11,135	23,838
Income (uranium)	7,120	7,046	14,166
Tribute agreement—Vaal Reef (Nett)	(173)	(95)	(268)
Income on sale of pyrite	108	74	182
Income on sale of acid	22	19	41
Income at mine	19,780	18,179	37,959
Net additional revenue	297	489	786
Less interest	6	8	14
Income before taxation and State's share of income	20,071	18,660	38,731
Taxation and State's share of income	8,286	6,784	15,070
Income after taxation and State's share of income	11,785	11,876	23,661
Capital expenditure: Gold	3,741	6,036	9,777
Uranium and acid	1,164	428	1,592
Trade investments	—	—	—
Dividends: declared	8,800	—	8,800
cents per share	80	—	80
Loan repayments	—	—	—
Loan balance outstanding	27	27	27
Loan levies	393	737	893
Capital expenditure commitments	9,559	8,127	9,559
Capital expenditure for remainder of year	9,457	14,189	9,457
Development			
Advanced (m)	17,418	18,088	35,506
Sampling results: Sampled (m)	1,302	1,551	2,853
Channel width (cm)	109	114	112
Average value: Gold (cm.g/t)	1,424	1,682	1,564
Uranium (cm.kg/t)	51·42	52·69	52·11
Payable:			
Metres (m)	816	945	1,761
Percentage	62·7	60·9	61·7
Channel width (cm)	102	105	103
Value: Gold (g/t)	18·01	20·74	19·49
(cm.g/t)	1,835	2,174	2,017
Uranium (kg/t)	0·608	0·580	0·592
(cm.kg/t)	61·17	60·82	60·98

Development Summary

Three months ended 31 December 1978

Area	Payable metres	Per-centage payable	Channel width cm	Gold g/t	Gold cm.g/t	Uranium kg/t	Uranium cm.kg/t
Pioneer Secondary	240	57·6	125	15·40	1,923	0·386	48·09
Lucas Block	129	67·2	70	20·92	1,470	0·658	46·25
Southern Shaft	186	47·0	94	16·16	1,524	0·667	62·68
Orangia Shaft	144	100·0	98	21·08	2,072	0·667	65·57
South Vaal	111	53·6	107	21·73	2,323	0·931	99·51
Eastern Shaft	6	85·7	89	11·75	1,040	0·424	37·53
Totals	816	62·7	102	18·01	1,835	0·606	61·17

REMARKS

Sinking of the Strathmore shaft system commenced during the quarter and is progressing according to schedule.

WEST RAND CONSOLIDATED MINES LIMITED

Issued Capital—4,250,000 shares of R1 each
25,000 deferred shares of R2 each

Operating results

	Quarter ended 31 Dec. 1978	30 Sept. 1978	12 months ended 31 Dec. 1978
Gold Section			
Ore milled (t)	131,500	137,400	532,300
Gold produced (kg)	531·106	627·596	2,748·000
Yield (g/t)	4·04	4·57	5·16
Uranium Section			
Gold			
Ore milled (t)	270,500	258,100	999,200
Gold produced (kg)	153·110	145·404	583·216
Yield (g/t)	0·57	0·56	0·60
Uranium			
Tons treated (t)	268,900	258,300	995,760
Uranium produced (kg)	85,888	82,629	312,914
Yield (kg/t)	0·318	0·320	0·314
Financial (R'000)			
Working revenue (gold)	4,243	4,367	19,123
Net revenue (uranium)	6,668	4,316	19,401
Net revenue (acid and pyrite)	4	4	17
Total revenue	10,915	8,687	38,541
*Total working costs	9,748	10,003	38,486
Total per ton milled (R)	24·25	25·29	28·48
Income (Loss)	1,167	(1,316)	55
State aid	(123)	1,452	2,619
Net additional revenue	157	123	453
Income before taxation	1,201	259	3,127
Taxation	(3)	16	79
Income after taxation	1,204	243	3,048

*Excludes uranium investment costs.

	Quarter ended 31 Dec. 1978	30 Sept. 1978	12 months ended 31 Dec. 1978
Capital expenditure	185	39	385
Unlisted investments	3 cr	8 cr	11 cr
Dividends declared:			
Ordinary: amount	425	—	744
cents per share	10·0	—	17·5
Deferred: amount	142	—	248
Rand per share	5·67	—	9·92
Capital expenditure commitments	—	—	275
Capital expenditure for remainder of year	—	—	—
Development			
Advanced (m)	6,185	5,845	21,990
Gold Section			
Advanced (m)	641	456	2,253
Sampling results: Sampled (m)	232	280	975
Channel width (cm)	105	82	98
Average value (cm.g/t)	1,749	1,497	1,370
Payable:			
Metres (m)	93	114	297
Percentage	40·0	39·4	30·5
Channel width (cm)	107	107	90
Value (g/t)	22·24	25·55	25·78
(cm.g/t)	2,372	2,740	2,471
Uranium Section			
Advanced (m)	5,544	5,389	19,737
Sampling results: Sampled (m)	2,466	2,481	8,336
Channel width (cm)	54	53	54
Average value:			
Uranium (cm.kg/t)	63·65	40·71	57·67
Gold (cm.g/t)	134	108	131
Payable:			
Metres (m)	1,115	708	3,474
Percentage	45·2	28·5	41·7
Channel width (cm)	54	61	58
Value: Uranium (kg/t)	1·814	1·391	1·608
(cm.kg/t)	97·76	84·86	89·55
Gold (g/t)	3·62	2·81	3·44
(cm.g/t)	195	172	199

Development Summary

Three months ended 31 December 1978

Gold Section

Reef	Payable metres	Per-centage payable	Channel width cm	Value g/t	Value cm.g/t
Main	54·0	62·1	117	21·38	2,499
South	—	—	—	—	—
Livingstone	—	—	—	—	—
Kimberley	39·0	28·8	92	23·76	2,186
Ventersdorp Contact	—	—	—	—	—
Totals	93·0	40·0	107	22·24	2,372

Uranium Section

Reef	Payable metres	Per-centage payable	Channel width cm	Uranium kg/t	Uranium cm.kg/t	Gold g/t	Gold cm.g/t
White	6·0	100·0	20	2·822	56·44	26·00	520
Monarch	240·0	36·0	30	4·081	121·69	7·18	214
Upper Monarch Zone 2	322·5	58·0	57	1·806	103·19	2·21	126
Upper Monarch Zone 4	546·0	44·2	63	1·343	84·49	3·55	224
Other Reefs	—	—	—	—	—	—	—
Totals	1,114·5	45·2	54	1·814	97·76	3·62	195

Ore Reserves at 31 December 1978

Gold Section

	Main Reef	South Reef	Living-stone Reef	Kim-berley Reef	Venters-dorp Contact Reef	Grand Total
Tons	93,600	—	—	46,200	—	139,800
Stope width—cm	128	—	—	126	—	127
Value g/t	8·50	—	—	8·68		8·56
cm.g/t	1,000	—	—	1,090		1,089

Not included in the above total are 48,700 tons at a value of 8·02 g/t classified as unavailable and 170,000 tons at a value of 8·30 g/t classified as inaccessible Ore Reserves requiring opening-up operations.

Ore Reserve pay limit calculated at R5,731/kg ($205/oz)

Uranium Section

	White Reef	Monarch Reef	Upper Monarch Zone 2	Upper Monarch Zone 4	Grand Total
Tons	13,400	62,500	76,700	117,800	270,400
Stope width—cm	85	85	88	93	88
Value: Gold: g/t	4·1	1·4	0·7	2·1	1·6
cm.g/t	348	116	63	192	144
Uranium: kg/t	0·561	0·943	0·829	0·788	0·824
cm.g/t	47·62	60·18	71·49	73·31	73·10

Not included in the above total are 122,000 tons at a value of 0·729 kg/t classified as unavailable and 285,000 tons at a value of 0·834 kg/t classified as inaccessible Ore Reserves requiring opening-up operations.

REMARKS

The higher rate of development was maintained during the quarter at higher values and the mill throughput was increased considerably.

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APPOINTMENTS

Hutchison Whampoa management changes

Mr. John Richardson, former director of corporate plannings, HUTCHISON WHAMPOA, has been appointed to the newly-created post of operations director, responsible to the chief executive for all of the group's Hong Kong-based activities. He will also continue to administer HWL's Australian and New Zealand interests.

Mr. Jonathan Hubbard-Ford, as a result of Mr. Richardson's new responsibility, will assume the role of corporate planning director for hte group. In addition, he will continue to have operational responsibility for administering HWL's interests in South East Asia as well as the UK, formerly looked after by Mr. Richardson.

The HWL finance division, headed by finance director Mr. Peter Wight, will be expanded by the establishment of a new group internal audit division. Mr. Wight will also control selected minority investment interests.

★

Mr. C. G. Goldsmith, chief accountant of GERRARD AND NATIONAL DISCOUNT COMPANY, has been appointed secretary of the company in place of Mr. L. K. V. Flack who has been secretary since 1956 and who will continue as general manager.

★

Mr. Stuart Lyons, currently deputy managing director of UDS GROUP becomes managing director on January 28. Mr. Bernard Lyons, while relinquishing his position as managing director having reached the age of 65, remains chairman of the group.

★

Mr. A. A. Larby has been appointed a director of A. H. PHILPOT AND SONS (MILK POWDERS).

★

MCP GROUP has made the following appointments: At Mining and Chemical Products Mr. H. R. Bauer has been appointed chairman in place of Mr. P. German-Riben, who remains a director. Mr. R. C. Blezard has been appointed managing director in place of Mr. H. R. Bauer. Mr. German-Ribon and Mr. Bauer remain chairman and managing director respectively of the parent company, MCP Holdings. Mining and Chemical Products and its partner, Peko-Wallsend, have appointed an additional director to the Board of the joint company, MCP-Peko, namely Mr. R. C. Blezard and Mr. A. M. L. Bayliss respectively.

★

UNOCHROME INTERNATIONAL has changed the composition of its board. Mr. R. C. Owens, formerly chairman and managing director, has relinquished his executive role as managing director of the group. He remains chairman of the board and maintains special responsibilities related to the group's overseas interests in Europe and the Far East. Mr. N. B. Pursell, deputy chairman, reaches 65 in February and retires from the board and from his executive appointment in the group in March. Mr. R. A. Le Page becomes group managing director with chief executive responsibility for all Unochrome International operations. Mr. Le Page has been and remains managin gdirector of the Silverthorne Group subsidiary. Mr. R. Courtney-Sutton, managing director of the wholly-owned subsidiary, British Heat Treatments, has been elected to the Unochrome International group board as an executive director.

★

Mr. Reginald P. Shaw, production manager; Mr. George W. Wheaton, commercial manager; and Mr. J. Lawrence Wolfenden, technical and development manager, have joined the Board of Thomas Bolton and Sons, a BICC group company.

★

EUROPEAN BANKING COMPANY has appointed the following as managers of the Bank:—Mr. J. A. Cox, Mr. P. S. J. Kerrigan, Mr. R. Pollak-Aichelburg, Mr. G. Skinner and Mr. A. J. Towner.

★

The following have been appointed executive officers of the UK OFFSHORE OPERATORS ASSOCIATION for 1979: Dr. K. R. Keep, BP Petroleum Development, president; Mr. B. O. Sims, Mobil North Sea, vice-president (England); Mr. C. R. Blomberg, Chevron Petroleum (UK), vice-president (Scotland); Mr. R. L. Rayl, Phillips Petroleum, honorary treasurer; and Mr. W. W. Greentree, Ranger Oil (UK), honorary secretary.

★

Mr. A. J. Todoff has been appointed sales director of NORTON INDUSTRIAL CERAMICS.

★

Mr. William Wood, former managing director of Henry Balfour and Co., the UK division of the international SYBRON CORPORATION, has been appointed group vice president, Process Equipment Group, of the Sybron Corporation, and moves to Rochester, U.S., to take up his new position.

★

Mr. Graham Spittal, general manager, has been appointed a director of VICTORIA DEEP WATER TERMINAL.

★

Mr. Roy Downham has been appointed director of finance at the INDEPENDENT BROADCASTING AUTHORITY. Since 1974 there have been separate director posts covering the Authority's internal and external financial affairs. Mr. Downham has been director of internal finance. The two posts have now been merged.

★

Mr. Richard Saalfeld has been appointed vice president and manager of the London branch of BANK OF AMERICA NT AND SA. He replaces Mr. Bruce Mitchell who is to head strategic planning for world banking division in San Francisco.

★

The Duke of Edinburgh has consented to become president of the DAVID DAVIES MEMORIAL INSTITUTE OF INTERNATIONAL STUDIES for four years.

★

Mr. Alan Bayley has joined CHARLES BARKER CITY as an associate director responsible for business with overseas partners. He was previously deputy managing director of McCann Erickson in Oslo.

★

Vice president Mr. Uwe H. Jahnke has been named head of the energy and minerals group, Europe, for CHEMICAL BANK, located in London. He replaces vice president Mr. Z. A. Frangopoulos, who has returned to the U.S. to take charge of Chemical's merchant banking group, New York.

★

Following the acquisition of LESLIE AND GODWIN (HOLDINGS) by Frank B. Hall Inc., of New York, Mr. Robin N. Singer has been appointed executive chairman of Leslie and Godwin on the resignation of the Hon. Jacob Rothschild. Mr. A. J. Tahmoush, president, chairman and chief executive officer, Mr. W. R. Dolan and Mr. P. T. Pruitt, all of F. B. Hall Inc., have joined the Board.

★

Mr. H. R. M. Hedding has been appointed chairman of SAINT PIRAN.

★

Mr. Clive Mayhead, chairman and managing director, Gordian Strapping, has been appointed president of the BRITISH TENSIONAL STRAPPING ASSOCIATION, for the next two years. He

★

Following the completion of the agreement for Barclays Bank SA to purchase 51 per cent of the share capital of Société Bancaire de Paris and 26 per cent of the capital of Société de Banque et d'Investissements, Mr. Huw Manton, an assistant general manager of Barclays Bank International, and Mr. Nicholas Maxwell-Lawford, local director of Barclays Bank SA, have been appointed directors of SOCIETE BANCAIRE DE PARIS. Mr. Michael Pringle, a director of Barclays Bank SA and former local director, also joins the Board. In addition, Mr. Maxwell-Lawford has been appointed to the Board of Société de Banque et d'Investissements.

Today's Events

GENERAL

Barclays Bank publishes export survey.

Housing Corporation annual report published.

Water service manual workers and management resume pay talks.

Royal College of Nursing calls a national protest meeting because Prime Minister has refused to meet nurses trade union representatives.

President Giscard d'Estaing of France in Bucharest for three-day official visit to Romania to boost trade and strengthen political ties.

Mr. Sunao Sonoda, Japanese Foreign Minister, and Herr Hans-Deitrich Genscher, West German Foreign Minister, meet in Bonn to discuss Indochina and prepare for Tokyo summit.

Mr. Olla Ullsten, Swedish Prime Minister, meets UN Secretary-General, Kurt Waldheim, in New York.

Turkey's multilateral assistance programme to be discussed by representatives of Germany, UK, U.S. and France, in Bonn.

U.S.-Turkish defence agreement talks open in Ankara.

Canada's December consumer price index to be published.

British Agricultural Export Council one-day seminar on export finance, export services and the agricultural exporter, at Carlton Tower Hotel, SW1.

Sir Kenneth Cork, Lord Mayor of London, presides at Court of Common Council, Guildhall and attends dinner to Court of Common Council, Mansion House.

International garage trade fair opens in Salzburg (until January 21).

OFFICIAL STATISTICS

Provisional November figures for index of industrial production. Fourth quarter first preliminary estimate of consumers' expenditure. UK banks' assets and liabilities and the money stock for mid-December. London dollar and sterling certificates of deposit for mid-December.

PARLIAMENTARY BUSINESS

House of Commons: Second reading of Industry Bill.

House of Lords: Formal first and third readings of various minor consolidation measures. Arbitration Bill, committee stage. Debate on "increasing number of sightings and landings of unidentified flying objects."

COMPANY RESULTS

Final dividends: Associated Paper Industries. S. and W. Berisford. Grand Metropolitan. Lincroft Kilgour Group. Mackinnon of Scotland. Raeburn Investment Trust. United Guarantee (Holdings). Warner Estate Holdings. Interim dividends: Denbyware. Dixons Photographic. G. R. Francis Group. A. and J. Gelfer. Jones, Stroud (Holdings). London and Montrose Investment Trust. Provincial Cities Trust. Wellman Engineering Corporation.

COMPANY MEETINGS

Ransome Hoffmann Pollard Quaglino's, Bury Street, St. James's, SW, 12. United Wire, 27 Queen Street, Edinburgh, 12.

LETTERS TO THE EDTIOR

The decline of Mr. Average

From Mr. W. Richardson.

Sir,—In view of the present bout between the Government and the TGWU in the English Revolution Championship Title, it was with particular interest that I read your article on taxation (January 13). The statement that PAYE accounts for 62 per cent of the Inland Revenue's tax collections brought home the reason for large pay claims. A 10 per cent inflation rate implies a pay increase of about 17 per cent just to stay even. This is because the basic rate income tax plus pension contributions and National Insurance payments amount to over 40 per cent in compulsory deductions.

The "working man" in the 1950s paid little tax but received health and education services equal, or superior, to those of today (free school milk and orange juice for babies are examples). Apart from technological change, resulting in such luxuries as cheap TV, the quality of life for the artisan or professional man has declined over the last 20 years. He used to have a choice about whether or not his wife went to work, now it is often essential. The patience of Mr. Average is wearing thin: politicians beware!

Making a bargain

From Sir Gilbert Longden

Sir,—You rightly describe "secondary picketing" as "an intolerable invasion of liberty" (January 12) and express agreement with the CBI that it is "the one issue which calls for immediate legislation." You add that Mr. Healey considers that any such legislation would be "as ineffective as it has previously proved to be." The Chancellor of the Exchequer thus admits that a Socialist Government is incapable of enforcing the law of the land as it may from time to time be enacted by a freely elected democratic Parliament; and certainly his Government has not only failed to enforce the law but has on occasion brazenly connived at its breach.

But there is surely another issue which calls for immediate legislation and that is the exemption of the unions from laws which apply to every other individual and corporation in the land. There is no longer any conceivable reason, either in "social justice" or equity, why (for example) the unions should not be bound by agreements which they have freely entered into; and until they are so bound, there is no point in employers making bargains with them over pay and conditions, whether you like to call them collective, individual, free, responsible or whatever. Not long ago, one of these arrogant, irresponsible Barons, to whom a radio interviewer had ventured to remark that surely his union's current agreement did not expire for several months, replied that he couldn't be bothered with such "constitutional niceties." So much for the once proud claim that an Englishman's word is his bond.

Of course the law on picketing must be made crystal clear and then enforced; of course the questions when, and under what conditions, social security benefits should be paid to strikers' families must be reconsidered; but the root of this poisonous weed which is strangling our economy will not be eradicated until nobody is exempt from obeying the laws.

The Torries must grasp this nettle; but they will only be able to do so if they have behind them the massive support of the Country—which includes the City.

(Sir) Gilbert Longden.
89 Cornwall Gardens, SW7.

Political machismo

From Mr. J. Toporowski

Sir,—It ill becomes company directors to complain in your correspondence columns of the social irresponsibility of trade unions. Such reproaches in our society have all the hypocrisy of the rich advocating the virtues of poverty to those less fortunate than themselves.

In the present economic and social climate, the best thing that employers and Government can do is to negotiate with trade unions in good faith. They should not exhibit their political machismo vicariously by inciting each other to crush the trade unions who, when all is said and done, are only exercising their legal rights to defend their members' economic interests, in the same way that companies' boards of directors defend the interests of their shareholders even when this conflicts with any social responsibilities that sentimental "public relations" experts may wish to impute to them.

Jan Toporowski.
28, Warrington Crescent, W9.

Advertising under fire

From the Director-General, The Advertising Association

Sir,—Michael Thompson-Noel (January 11) is right in saying that the advertising business at the moment is under the glare of an unusual amount of comment and criticism from all sorts of directions. Whether or not this has really resulted, as he submits, in less adventurous advertising campaigns, I am not sure, though frankly I doubt it; even if the job of making ads may be less "fun" than it used to be, the results on the screen, in the Press and on the hoardings don't seem to show it.

Most advertising people would probably agree that they are working in a climate where attitudes (surprisingly) are becoming less "permissive" every day, but while successful advertising must reflect current mores, that does not mean that it has to be either boring or unimaginative—and mostly it's not.

But whatever the "craft" implications, it is wrong to suggest that the advertising business has in any way got its tail between its legs. Quite the reverse. In all our frequent contacts with Government, Quangocrats and opinion-forming groups, the Advertising Associatoin is able to take a thoroughly robust and confident stance, in the knowledge of what advertising—in spite of its critics, and sometimes against heavy odds—is doing to support the economy. Let's view the criticisms—including those of Mr. Hattersley—in perspective.

Compared with most parts of British industry at the moment, the advertising business hasn't got too much to worry about—and quite a bit to be proud of.

Roger Underhill.
Advertising Association.
Abford House,
15, Wilton Road, SW1.

Checks and balances

From Major E. Anderson

Sir,—Mr. Talbot (January 13) horrified me. Victorian letter balances are becoming valuable antiques and they should never be separated from their fitted weights.

I always stamp my own letters and parcels, saving my time and that of the Post Office. The solution to the problem is simple and lies in our copper coinage. The weights of the 2p, 1p and ½p are directly connected and for most purposes it is enough to remember that 3p is 10 grams. The present minimum postage allows for 60 grams but is expected to be reduced to 50 grams. Perhaps the table will help my fellow users of letter balances:—

Up to 40 grams	3p=10 grams	
50	„	1¾ oz + 2p
60	„	2 oz + 1p
100	„	3½ oz

I do not think that the Post Office will quibble at these figures.

(Maj.) E. W. S. Anderson.
Orchard Cottage,
Fownhope,
Hereford.

BL aluminium foundry

From the Chairman, Economic Development Committee for Foundries

Sir,—An article by Mr. Roy Hodson (January 10) includes the statement that the proposed BL Leeds foundry "has the blessing of the Little Neddy foundries committee." This is not so. The foundry companies are complaining to the Government and the National Enterprise Board that they could do this work are represented on the Foundries Economic Development Committee and it will be appreciated that the committee has therefore not given any blessing or approval as such a gesture could in no way be unanimous.

What Little Neddy did was to provide the opportunity and occasion for those members interested and concerned in this development to meet BL management to discuss it thoroughly and to receive from BL a great deal of information which we had been trying to obtain for a considerable time past. I should add that information and forecasts were provided by the BL team, led by Mr. P. W. McGrath, managing director of BL Components, in full measure.

T. S. Kilpatrick.
Bentwood Lodge, Bent Hills,
Bradfield, Sheffield.

The law on picketing

From the Director, Aims

Sir,—The CBI is right that the law on picketing needs to be changed. But the priority at the moment is to use the existing laws which are being flagrantly broken.

Many of our members have complained that their goods are not being admitted because of intimidatory tactics. It is a sign of the times that many companies are without any faith that the Government is likely to get the police to exercise their existing powers. But surely Mr. Merlyn Rees does have this one last chance to show that the law does mean something?

If he doesn't act then industry must draw the inescapable conclusion that whereas the Government was prepared to punish industry over wage increases, even though there was no breach of the law, it is prepared to give the trade unions an even more privileged position than the Church in the Middle Ages.

Michael Ivens,
Aims.
40, Doughty Street, WC.

Self-inflicted wounds

From Mr. I. Bluett

Sir,—I read Mr. Raul Farias's letter (January 12) with a mixture of pleasure and sadness.

With pleasure because it is gratifying that a foreign guest should praise our country in simple and sincere terms (the UK is a great place to live and work); with sadness because it takes someone from overseas to point out what we ourselves cannot or refuse to see.

Mr. Farias's main argument about the Press (and indeed the media in general I would suggest) is, alas, more than pertinent. I too have lived in many other countries and nowhere do the media concentrate so incessantly on the bad news as in this country. Our self-inflicted wounds are a constant source of amazement, contempt and pity among our foreign friends and enemies.

We are of course still in the aftermath of the loss of our imperial glory which, combined with our unfortunate Puritanical streak, virtually total lack of political leadership and moral fibre since the war, the abandonment of Christian values, and obsessive class jealousy has now reduced us to a nation without any other purpose than the pursuit of selfishness.

The media could do much more than they do to awaken this country and its people to the advantages of living in a country like the UK despite its problems, and to help shake us all out of the steady process of self-destruction which we, lemming like, seem hell-bent on.

I. B. D. Bluett.
1, Barton Street,
Westminster, SW1.

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INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Final quarter gives Olin prospects a sharp boost

FINANCIAL TIMES REPORTER

EARNINGS AT Olin Corporation, the chemicals and brass products manufacturer, fell by nearly one-fifth in 1978, but the company expects, on the back of a strong upturn in the final quarter, that the first quarter of 1979 will bring a "very substantial" increase in earnings.

In the final quarter of 1978, earnings jumped by 56 per cent to $14.7m, or from 39 cents to 62 cents a share. Sales, at $408.6m, showed a gain of 15.7 per cent.

But for the year as a whole, earnings dipped by 19.5 per cent to $62.8m, or from $3.24 to $2.62 a share. A gain of 6.6 per cent brought sales to $1.6bn.

The company said that 1979 should be an improved year if there was no sharp downturn in the national economy. In the 1978 first quarter, Olin earned 16 cents a share.

Commenting on the 1978 outcome, an Olin spokesman said that the lower earnings represented depreciation and interest costs, which were $25m higher than in 1977—on a pre-tax basis. These costs are expected to show a further sizeable increase this year.

Last November, merger talks between Olin and Celanese Corporation, which would have set up a $720m merger, were called off without explanation on either side.

It was openly hinted on Wall Street, however, that the talks had collapsed because substantial institutional holders of Celanese stock had expressed fears that Olin might dilute the earnings recovery at Celanese.

Olin has been staging a recovery from some difficult times by concentrating on profitable profit areas such as brass and chemicals and selling out of weaker sectors like aluminium and kraft papers. But its recovery was jolted in 1978 by damaging strikes.

Pan Am raises National stake

NEW YORK—Pan American World Airways Inc. has raised its stake in National Airlines to 24.1 per cent, the Pan Am chairman, Mr. William T. Seawell, said here today, reports Reuter from New York. The average cost of the purchases so far was $33.67 per share, or $69.9m in total. The purchases were made for cash.

Pan Am is involved in a three-way takeover battle to acquire National Airlines. The others seeking to take over National are Texas International Airlines and Eastern Airlines.

National Airlines and Pan Am have signed a merger agreement calling for a price of $41 a share, or a total of $350m. Eastern has entered a bid of $50 a share for National's stock.

Mr. Seawell said that hearings before the Civil Aeronautics Board involving Texas International, and Pan Am and National are nearly completed and that a decision by the hearing judge is expected in March. The release of the decision, however, was, he said, likely to be delayed.

The CAB hearing, covering Eastern's application to acquire National, Mr. Seawell said, was expected to begin in February, and the decision in the two cases was likely to be announced jointly some time in the summer. It would then be sent on for Presidential approval.

If Pan Am's merger with National does not take place, Pan Am would seek investments in other areas, he added. An obvious starting base in such an event would be the hotel and food service, in which the company already has some operations.

Reuter

Royal Bank eyes U.S. growth

BY ROBERT GIBBENS IN MONTREAL

THE Royal Bank of Canada, the largest chartered bank in the country with assets of over C$40bnu, may reveal plans to enlarge its U.S. operations within the next two months, Mr. Rowland Frazee, the president and newly-appointed chief evecutive, said.

At present, Royal operates in the U.S. through agencies and the affiliated Royal Bank and Trust Company of New York. The bank is planning expansion in the wholesale banking field in the U.S. and elsewhere outside Canada, but no acquisitions are envisaged.

Mr. Frazee said there would be organisational changes in the U.S. and efforts to strengthen its position there would be centred on New York, while a new retail and commercial branch operation in Portland, Oregon, will be operated directly by the parent.

He welcomed proposals to make New York an open banking zone like London and supported the full reciprocity argument for Canada's new banking legislation.

"It wouldn't surprise me," added Mr. Frazee, "if in a few years 40 per cent of our assets weren't in Canadian dollars." This figure assumes that the revisions o the Canadian Bank Ac are made along lines sought by the Royal Bank, namely the shedding of curbs on foreign ownership of banks operating in Canada.

Upturn at International Paper

BY JOHN WYLES IN NEW YORK

GREATER EMPHASIS on cost efficiency, coupled with significant price increases on its products, have helped carry International Paper, the world's largest papermaker, to a 26.5 per cent rise in fourth quarter net earnings.

However, the company's full year profits have been depressed by two sets of extraordinary charges which slashed third-quarter earnings to 54 cents a share against $1.33 in 1977. During that quarter, International Paper settled three major class action suits over price fixing charges for $40.5m, and wrote off close to $25m in connection with the closure of a Louisiana mill.

These moves tended to obscure the fact that the company's pre-tax earnings were about 18 per cent above the year-earlier period,

Partially as a result, fourth quarter net income climbed from $64m or $1.35 per share to $81m or $1.71 per share. Sales rose 16 per cent from $948m to $1.1bn. Full year earnings were $234.2m or $4.94 per share against $233.7m or $4.98 per share. Sales rose from $3.7bn to $4.2bn.

The company said yesterday that the legal settlements and the plant closure had resultel in after-tax charges of $23.1m and $12.8m respectively. Without these, 1978 earnings would have been $270m

Foreign exchange earnings lift Citicorp

By Our New York Staff

A SURGE in foreign exchange earnings and feel and commission revenues has boosted fourth quarter profits of the second largest U.S. commercial bank, Citicorp.

Citicorp, which reportedi ts earnings shortly after two other major New York banks, Manufacturers Hanover and Bankers Trust, disclosed yesterday that its after-tax operating results increased by 28 per cent to $118.5m in the final three months of last year.

For the year as a whole, operating earnings rose 26 per cent, from $38.9m or $3.05 a share, to $481.6m or $3.88 a share.

The results reflected a 19 per cent rise in net interest revenue to $355m and a 68 per cent increase in "other operating revenues" to $299m, as well as an increase in consumer-based fee income, the sale of unnecessary overseas premises and substantially higher foreign exchange earnings.

The increased profits of the foreign exchange operations during a period of volatility for the dollar are particularly striking. For 1978 as a whole the bank's foreign exchange income increased from $13m to $104m. Fourth quarter foreign exchange income was $62m, against $8m in the same quarter of 1977.

Fee and commission revenue in 1978 was $402m, a rise of $130.6m over 1977.

Sharp rise at Honeywell

MINNEAPOLIS — Honeywell, the computer and electronics systems manufacturer, reports fourth quarter net earnings of $76.1m or $3.54 a share compared with $48.6 or $2.32. Revenues rose to 1.03bn for the period, up from $832m the previous fourth quarter.

In forecasting a slower growth for 1979, the company said the strong last quarter contributed to full yearly earnings of $201.3m or $9.41 a share on revenues of $3.5bn compared with $145.1m earnings or $6.90 on a $2.91bn turnover in 1977.

Agencies

Goodrich plea

B. F. Goodrich has entered a plea of no contest in U.S. Government charges that it filed false income tax returns for 1972 and 1973, reports Reuter from Akron.

Westinghouse suit

Westinghouse Electric Corporation has reached agreement with two private Swedish utilities to settle uranium supply lawsuits pending in Stockholm, reports Reuter from Pittsburg. No details will be released until the agreements are effective, which is not expected before February 9.

Bankers Trust

In yesterday's edition, the earnings results of Bankers Trust of South Carolina were incorrectly reported as the results of Bankers Trust New York Corporation. There is no relationship between the two institutions. Bankers Trust of New York earnings are expected later this week.

AMEX BID FOR McGRAW-HILL

A threat to independence

BY DAVID LASCELLES IN NEW YORK

AMERICAN EXPRESS' much-publicised $830m takeover bid for McGraw-Hill, the large publishing concern, has fuelled an already lively debate in the U.S. over whether corporate gains should be allowed to buy into an industry that thrives on its independence and diversity.

Publishing takeovers raise a host of issues, from the simple anti-trust question of whether the concentration of publishers into a few giant groups is good for competition, to the highly-charged political one of what this means for America as a constitutionally - guaranteed "market place of ideas."

Some opponents of takeovers even argue that the anti-trust laws should be applied to ensure information remains disseminated from diverse and antagonistic sources.

At least three recent takeovers currently are being investigated by the anti-trust authorities in Washington: Time's acquisition of the Book-of-the-Month Club, Harper and Row's of J.B. Lippincott and the Columbia Broadcasting system's takover of Fawcett Publications, the last of which is being challenged by the Justice department. There have also been hearings in the Senate's sub-committee on anti-trust and manopoly which has brought together much of the evidence.

This happened against a background of growing anger at what is seen as the conglomerates' unwarranted meddling in publishing. This spilled over last year when Western Pacific Industries, primarily a railway operator, made a bid for Houghton and Mifflin, the Boston textbook publisher.

In a highly publicised move, authors of books representing half the company's 125m in revenues, including luminaries like J.K. Galbraith and Archibald MacLeish, threatened to "re-examine" their relationship with Houghton's if the deal went through.

Western Pacific beat a hasty retreat.

But these are only the more spectacular moments in a debate that has been bubbling for some time, with authors grouped in the New York-based Authors Guild among the most active participants.

According to their evidence, some 90 per cent of the U.S. mass paperback market is now controlled by the ten biggest publishers, each of which is conglomerate-owned. And many of these conglomerates, in turn, control other publishing outlets, including newspapers and even broadcasting stations.

For example, the Guild says, in 1976, Holt, Rinehart and Winston reported 664 titles, W. B. Saunders 20, Fawcett 188, Praeger 225 and Popular Library 240, a total of 1,517 titles. But all these firms are owned by CBS, the communications giant which controls one of the country's main TV networks, 14 radio stations, and a string of magazines.

Other big conglomerate names in the field include RCA (owner of Random House, Ballantine Books,), MCA (Putname's), and Gulf and Western (Simon and Shuster).

The Guild also claims that the dwindling number of genuinely distinct publishers (as opposed to different publishing houses belonging to the same conglomerate) in such fields as textbooks, trade publications and the highly influential book clubs poses a further threat to the business.

> Many authors see mergers as a threat to intellectual freedom and fear they prove restrictive to publication of socially-controversial works in favour of fast-selling paperbacks

Many authors' objections are based on concern for intellectual freedom because, as they se it, conglomerates, in their quest for profits, are less sensitive to publishers' social and cultural responsibilities.

They fear that current trends could lead to the restriction of many types of books, particularly those with controversial political, social and economic themes which help stir public debate, but tend to upset corporate sensibilities. They also foresee conglomerates abandoning "heavy" works in favour of fast-selling paperbacks of doubtful literary value, thus debasing the whole business.

But laudable though these motives are, authors are also concerned about money. Although conglomerates often have the resources to build small or ailing publishing businesses into big and healthy ones, the Guild argeus that they care little for text and trade books which are the bread and butter for most authors. The great power of the conglomerates also puts all but best-selling authors at a disadvantage when it comes to negotiating contracts.

Countering this barrage of criticism, much of it voiced by famous writing names, the Association of American Publishers produced statistics of its own to refute the idea that publishing mergers reduce outlets for authors' works and lead to fewer individual titles being published.

According to the AAP, the number of book publishers has increased by a quarter in the last 20 years, and the number of boks published annually by 200 per cent, from 18,000 to 40,000 titles. The AAP also said that 173 new publishing houses were formed between 1971 and last year, accounting in 1976 for about 10 per cent of the entire American output.

The AAP also attacked congressman Morris Udall of Arizona who has introduced a bill to investigate concentration in the publishing industry, among others.

"The combined market shares held by the 50 largest book publishers have not increased significantly since 1958," it said, adding that in trade books, the share of the eight largest companies had fallen six per cent in the same period.

Unfortunately, the AAP later weakened its position by acknowledging publicly that some members had broken ranks over its major statement criticisms.

The dissident group, which consisted of six small publishers, "disagrees with aspects of the statement, believes the AAP should not have issued the statement without the unanimous consent of the 330 member companies, and feels AAP should have given more consideration to justice department inquiries into certain recent mergers in the book publishing industry."

In point of fact, the American Express bid for McGraw-Hill, if successful, would not result in further concentration of the publishing business since American Express has no publishinging interests.

Kerkorian bid for Columbia over-subscribed

By David Lascelles in New York

MR. KIRK KERKORIAN announced yesterday that his tender offer for 19 per cent of Columbia Pictures shares at $24 a share ended up by being over-subscribed. About 2-2.25m shares were tendered against the 1.75m he was prepared to buy, meaning that shares would be accepted on a pro rata basis, he said.

The offer, made through Mr. Kerkorian's company Tracinda Investments, brings his stake in Columbia Pictures to 25 per cent. The acquisition was approved by Columbia's board subject to certain conditions.

However, the story may not yet be over. The Justice Department, which failed earlier this week to get a Court Order halting the offer on anti-trust grounds, has threatened to file a divestiture suit against Mr. Kerkorian in Los Angeles.

Mr. Kerkorian is controlling shareholder of Metro Goldwyn Mayer, the ailing cinema company, which he has transformed into a profitable concern by expanding its activities into hotels and gambling.

EUROBONDS

Dollar sector falls back

By Francis Ghilès

INTERNATIONAL bond markets were less active yesterday than earlier in the week: in the dollar sector a technical reaction pushed the prices of most dollar issues down by about ½ of a point. Many dealers feel that prices of certain issues had been chased up to ridiculous levels on Monday and Tuesday.

Holders of the Camco Inc 5¾ per cent dollar convertible issue, due 1984, which was launched as a private placing in 1969, can opt to convert their bonds following a current offer for Camco equity in the U.S. Midhurst Corporation is making a tender offer to purchase 400,000 of the outstanding shares of Camco stock at $22 per share. This compares with the terms of the convertible, under which holders can convert into Camco equity at $26.65 per share. Camco stock last year ranged between a low of $9 and a high of $22.

Most of yesterday's trading was professional. Few dealers detect any real client interest: investors remain in a quandary, and cannot have been cheered by the nervousness of the dollar on the foreign exchange markets.

BAII and Sumitomo Finance are arranging an issue of $35m in floating rate Certificates of Deposit for Sumitomo Bank (London branch). The life of the CDs is three years, and the borrower will pay a margin of ¼ per cent over the six-month London interbank rate.

In its first day of trading, the new French franc denominated bond for Peugeot-Citroën (which was priced last Tuesday at 100¾ and not at 101¾ as reported in the Financial Times yesterday to yield 9.66 per cent), was quoted at 99¾-100¾. Other French franc issues were being traded very close to their par value, with both the EIB and the Elf Aquitaine bonds closing at 99¾-100. The volume of trading remains more active than it was until 10 days ago.

In the D-mark sector, prices were off a little yesterday in fairly thin trading: the new issue for Amex International was being quoted in its first day of trading at a discount of ½-¾ a point.

In the Swiss franc sector the Asian Development Bank will float a SwFr 100m bond for 15 year through the Swiss Bank

U.S. QUARTERLIES

AMERICAN HOIST & DERRICK	1978	1977
Fourth quarter	$	$
Revenue	96.2m	66.0m
Net profits	4.9m	3.1m
Net per share	0.87	0.56
Year		
Revenue	438.6m	366.8m
Net profits	14.6m	15.4m
Net per share	2.57	2.96

CHARTER NEW YORK	1978	1977
Fourth quarter	$	$
Net profits	17.1m	13.4m
Net per share	1.34	1.53
Year		
Net profits	55.2m	45.6m
Net per share	6.27	5.17

COOK INDUSTRIES	1978	1977
Second quarter	$	$
Revenue	14.8m	12.6m
Net profits	*20,000	*132,000
Net per share	—	*0.05
Six months		
Revenue	31.4m	27.5m
Net profits	*4,000	126,000
Net per share	—	0.03

* Loss

GENERAL CINEMA	1978	1977
Year	$	$
Revenue	594.9m	485.1m
Net profits	34.6m	20.2m
Net per share	4.43	3.54

HART SCHAFFNER AND MARX	1978	1977
Fourth quarter	$	$
Revenue	160.9m	160.8m
Net profits	5.1m	4.6m
Net per share	0.59	0.57
Year		
Revenue	606.6m	567.9m
Net profits	18.0m	15.6m
Net per share	2.09	1.88

HEUBLEIN	1978	1977
Second quarter	$	$
Revenue	494.5m	443.8m
Net profits	20.7m	16.6m
Net per share	0.97	0.79
Six months		
Revenue	923.1m	831.9m
Net profits	38.3m	31.3m
Net per share	1.80	1.47

IMPERIAL CORPN. OF AMERICA	1978	1977
Fourth quarter	$	$
Revenue	130.7m	111m
Net profits	19.1m	16.6m
Net per share	1.41	1.14
Year		
Revenue	490m	411m
Net profits	69m	56m
Net per share	4.98	4.10

JOY MANUFACTURING	1978	1977
First quarter	$	$
Revenue	185.1m	153.8m
Net profits	12.46m	5.45m
Net per share	0.96	0.42

LANIER BUSINESS PRODUCTS	1978	1977
Second quarter	$	$
Revenue	45.6m	31.5m
Net profits	3.5m	2.5m
Net per share	0.75	0.56
Six months		
Revenue	85.6m	58.6m
Net profits	6.1m	4.6m
Net per share	1.28	0.99

MALONE & HYDE	1978	1977
Second quarter	$	$
Revenue	395.4m	316.4m
Net profits	4.99m	3.89m
Net per share	0.68	0.56
Six months		
Revenue	693.6m	612.8m
Net profits	8.91m	7.20m
Net per share	1.20	1.00

SECURITY PACIFIC	1978	1977
Fourth quarter	$	$
Net profits	34.9m	28.0m
Net per share	1.67	1.23
Year		
Net profits	132.9m	100.5m
Net per share	6.21	4.72

SHEARSON HAYDEN STONE	1978	1977
Second quarter	$	$
Revenue	66.1m	45.0m
Net profits	3.19m	1.50m
Net per share	0.65	0.33
Six months		
Revenue	149.1m	94.3m
Net profits	10.23m	2.41m
Net per share	2.14	0.57

UNION CAMP	1978	1977
Fourth quarter	$	$
Revenue	311.9m	292.6m
Net profits	31.2m	25.0m
Net per share	1.29	1.04
Year		
Revenue	1.19bn	1.08bn
Net profits	122.7m	114.6m
Net per share	5.08	4.73

WELLS FARGO	1978	1977
Fourth quarter	$	$
Net profits	30.29m	24.74m
Net per share	1.35	1.08
Year		
Net profits	115.86m	86.38m
Net per share	5.16	3.95

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on January 17

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

TENGELMANN STAKE IN A & P

A bid for de facto control

BY GUY HAWTIN IN FRANKFURT AND JOHN WYLES IN NEW YORK

TENGELMANN — the West German group which on Tuesday unveiled plans to buy 42 per cent of the U.S. supermarket chain Great Atlantic and Pacific Tea Co.—traditionally shuns publicity.

The group operates a large coffee business and close on 2,000 retail outlets in West Germany and Austria, but while we know that the Tengelmann group is very large—total sales by Tengelmann interests in the 1977-78 busines year (ended June 30) totalled DM5bn—nobody but the top management and the German taxman knows how profitable it is. Earnings figures are never published.

True to its tradition, the Tengelmann management was keeping mum about its plans for A and P, if the proposed acquisition goes through. The public relations chief is in the U.S.—presumably fending-off the American Press — while the young woman manning the Press office at the Tengelmann headquarters at Muelhiem in the Ruhr, said that she did not think that anybody in the management would like to talk to the Press. She was right, they did not.

However, it is possible to make some assessment of Tengelmann's performance during recent years, and hazard a guess at its plans for A and P. Among the supermarkets the group runs, growth was not spectacular in 1977-78. But, according to the chief executive, Herr Erivan Haub, just before Christmas, earnings improved as a result of rationalisation and restructuring within the group.

The main contributor to overall growth came from Tengelmann Kaiser subsidiary's coffee business, and the Plus Warenhandelsgesellschaft, which reported salesup by 20 per cent during the period from — Among the Tengelmann group retail stores, however, sales

> A family-owned business in the Tengelmann tradition is unlikely to settle for anything less than a free hand in the management of the ailing A and P

expansion was much slower. They rose by just 1.6 per cent to DM2.13bn. Sales growth came exclusively from the Grosso and the large sales-space Tengelmann-Maerkten operations. Turnover among the supermarket branches was slightly down.

However, on rationalisation and restructuring clouded the figures last year.

The number of lines carried by the supermarkets have, for instance, been cut back by some 500 items to an average of about 1,000. This apepars to have significantly lowered costs, and at the same time pushed up turnover. For 1978-79, Herr Haub is forecasting a 10 per cent sales growth, and at the same time planning to open a total of 179 new stores.

The least of Tengelmann's problems in the A and P acquisition seems to be cash. The conservatively-run group should raise the $75m without in any way straining its financial resources. It also seems clear that Tengelmann expect the 42 per cent to give it de facto control of A and P. It seems unlikely that a family-owned business in Tengelmann's tradition would settle for anything less.

The Great Atlantic and Pacific Tea Company, universally known as A and P, is something of an American institution whose economic vitality and relevance has been waning for much of this decade. It has become an increasingly disappointing investment for its major shareholders, who have now settled for a premium of about 9 per cent above current market price to allow the Tenglmann group to take effective control of the 121 year old company. The deal has also been concluded at little more than one-third of A and P's book *value per share.*

Significantly, one of the sellers is the John A. Hartford Foundation, created by the son of A and P founder George Huntington Hartford to support medical research. As the owner of about one-third of the company's stock in the 1960s, the foundation has been held partially responsible for A and P's reluctance to invest in new facilities and for a dividend policy which paid out nearly double the proportion of earnings of other food retailing companies.

As a result A and P entered the 1970s with too many small, inefficient stores in declining inner city areas, and a falling share of the U.S. grocery business. In 1973 it was overtaken by Safeway as the country's number one grocery chain, and a month and a half ago was nudged into third place by the Korger Group.

The foundation has since reduced its holding to 25 per cent, and in 1975 a new management was brought in under Jonathan Scott as chairman and chief executive to turn the company round. The best that can be said for Mr. Scott's efforts so far is that despite closing nearly half of the company's 3,468 stores, the fruits of reorganisation must still lie in the future. In the three years 1975-77, the company's aggregate net income totalled $19m on total sales of close to $22bn, and it has lost $15.3m in the first nine months *of its current fiscal year.*

Brighter outlook for Elkem

By Fay Gjester in Oslo

ELKEM - SPIGERVERKET (ES), the Norwegian metals, mining, manufacturing and engineering concern, reports group profits of about NKr 25m ($4.9m) for 1978, before tax and allocations. This is about the same as in 1977 and 1976, in spite of a 15 per cent increase in turnover, last year, to NKr 3bn.

The outlook is better than a year ago, however, mainly because of a recent improvement in demand and prices for the group's main products—steel, ferro alloys and aluminium. Outside Norway, ES operates a steel and rolling mill in Manchester, and has a 25 per cent interest in aluminium processing plants in Britain and the Netherlands. It is also a 45 per cent partner in a ferro silicon smelter now being built in Iceland.

Last year, poor results were attributed to significant losses on foreign currency loans, lower earnings by companies in the group, producing mainly finished goods for the home market and the continuing low price of copper.

Because of the "minimal" group profits, far too little has been re-invested in existing told deputy managingent shr plants, Mr. Kaspar K. Kielland, deputy managing director, said yesterday. If results do not improve, some of the concern's less profitable sectors would have to be wound up. He expected better profits in 1979, however, if the recent favourable trend on export markets continued.

Mr. Kielland stressed that the vital role of the group's six power-intensive plants—two making primary aluminium, and four making ferro alloys. It was thanks to them, and to the stell sector, that ES was making any profit at all.

Shareholder favours Volvo sale

BY WILLIAM DULLFORCE IN STOCKHOLM

THE BOARD of another institutional investor, the Promotion Investment Company, has decided to vote at the Volvo shareholders meeting on January 30 in favour of the sale of 40 per cent of the company to Norway. But the Board was not unanimeus and the announcement of its decision was accompanied by a blast against the Norwegian deal and the Volvo management from Promotion's chairman, Mr. Per Ekstroem.

Promotion is the 12th largest Volvo shareholder with just under 1 per cent of the stock. The manner of its decision has become a familiar pattern: a majority of a Board votes for Volvo's Norwegian deal while one strong personality publicly objects to it. The most prominent example was the National Pensions Fund, whose managing director, Mr. Lennart Dahlstroem, opposed his Board's decision to back the Norwegian deal.

Mr. Dahlstroem suggested in a newspaper interview yesterday that the SKr 230m ($52m) which the Pensions Fund has left for stock market investment, could guarantee a SKr 250m debenture issue by Volvo. Mr. Dahlstroem has previously argued that Volvo would need to raise much less than the SKr 750m equity it would receive from Norway, if it sought to meet its capital requirements on the Swedish market.

Promotion's chairman, Mr. Ekstroem, considered it improper of the Volvo management to place its 130,000 shareholders in a situation where they were forced for political reasons to vote against their convictions. The management was incompetent and should quit, he declared.

The current tactics of the Swedish Shareholders' Association (SARF) is to raise sufficient support for a postponement of a decision on the Norwegian deal at the Volvo shareholders' meeting on January 30 on the grounds that more time is needed to put together an alternative solution for the car company's capital needs. SARF hopes that some institutional shareholders, who have reluctantly agreed to vote for the agreement, would be ready to accept postponement.

Meanwhile, Volvo Petroleum, the recently-formed oil offshoot of Volvo of Sweden, and Statoil, the Norwegian state oil company, have drafted an agreement to exchange know-how if Norway's planned purchase of a 40 per cent stake in Volvo becomes a reality, writes Fay Gjester from Oslo.

Under the proposed purchase deal, Volvo Petroleum would get small stakes in three Norwegian North Sea blocks. Under the draft agreement with Statiol, the Norwegian oil company would train Volvo Petroleum personnel at its Stavanger headquarters. Training would cover production, marketing and transport of oil. In return, Volvo Petroleum executives would give Statoil information about their experience of major project management for their parent company.

Alitalia maintains profits on increased turnover

BY RUPERT CORNWELL IN ROME

ALITALIA, Italy's state-owned national airline, reports a modest profit for 1978, a year which also saw a drop in medium- and long-term indebtedness in both lire and dollars.

According to preliminary figures, the profit will be around L11bn ($13m), little changed from 1977. Total revenue rose 11 per cent during last year to close at L1,000bn ($1.2bn). The board is planning to make the maximum depreciation permitted by current tax regulations.

The number of passengers using the Italian flag-carrier climbed by 1.2 per cent to 9.34m, while its seat occupancy ratio rose from 60.2 per cent in 1977 to 60.9.

A statement from the company board indicated that consolidated long- and medium-term debts fell from L61.7bn ($73.5m) to L28.9bn ($34.3m), and on the dollar side from $18.6m to $105.4m at the end of last year.

The board, however, stated that it would be able to finance from its own resources substantial investments to improve its fleet, including the four Boeing 727s in the process of delivery.

IBH Holdings issues new capital

By Geoffrey Owen

IBH HOLDING AG, the German construction machinery group, has raised DM8m ($4.3m) in new equity capital. This has been achieved by issuing shares with a nominal value of DM2m to a number of unnamed German industrialists; the base capital of the company has been increased from DM4m to DM6m.

The present controlling influence of the company's largest individual shareholder and president, Mr. Horst-Dieter Esch, is not altered by the capital increase.

AUSTRIAN BANKING CHANGES

Schoeller comes out into the open

BY PAUL LENDVAI IN VIENNA

BANKHAUS SCHOELLER, the leading Austrian private bank, has concluded an agreement with one of the country's leading financial institutions, which effectively ends its history of nearly 150 years as a private merchant bank owned and run by one large family.

The reorganisation which will take place under the deal with GZB (Genossenschaftliche Zentralbank), the central institute of the farmers' credit co-operatives, does not, however, only have repercussions within the small world of Austrian banking. It also involves significant shifts towards more concentration in the food and sugar industry, where Schoeller has interests.

The family bank will become a public company, called "Schoeller and Co. Bank AG" with a new "Schoeller Holding AG" controlling 90 per cent of the capital of the reorganised outfit. In turn, the GZB will have a 30 per cent interest in t ethohdwglinhS iDLRH M MM the holding while the Schoeller family retains 70 per cent. The remaining 10 per cent of the equity will be held as before by the Girozentrale, the umbrella institute of the Austrian savings banks. These figures however are likely to undergo some significant changes.

To start with, Girozentrale, which since the end of 1971 has been closely linked with Schoeller, is clearly not going to be satisfied with a mere 10 per cent interest. According to an arrangement between Girozentrale and GZB, the two banks should acquire what is called "a balanced interest" in the new public company. Thus the Girozentrale seeks to increase its holding to 25 per cent. Meanwhile the GZB is clearly interested in enjoying a certain primacy. It is under- increase its share of the Schoell stood that it will at a later stage increase its share of the Schoeller holding from 30-34 per cent.

Demarcation

The changes are officially ascribed by spokesmen of the Schoeller family to the new banking law, generation problems in the family and the need for institutional backing on the eve of further expansion. Under the new credit law, a clearer demarcation line must be drawn between the banks and their industrial holdings, above all in regard to management. Furthermore, provisional legal regulations tax-free capitalisation of reserves and the transfer of ownership are due to expire at the end of September 1979.

Thus under the new scheme, Schoeller Holding AG will also acquire a 25 per cent interest in Leipnik-Lundenburger Industrie AG, the umbrella company for the industrial empire of the Schoeller family. This has a total labour force of 3,500 divided between the country's largest flour mill and bakery, a sugar refinery, and other interests. As the GZB, as central institute of the farmers co-operatives already possesses a 30 per cent interest in Leipnik-Lundenburger and controls Austria's largest sugar group, it has now acquired virtually full control over the Austrian sugar industry.

Troubles in the Schoeller industrial empire are, in fact, generally regarded as perhaps the main reason for the current reorganisation. The liquidation of the Voeslauer Kammgarnfabrik, a textile concern previously controlled by the Schoeller family, has cost the family an estimated Sch 140m to Sch 160 m ($11.8m). The food concern (VNI) is also in the red and badly in need of a revamped management.

The bank has doubled its balance sheet total between 1972 and 1977 to Sch 5.4bn and is also successfully engaged in international business. Regardless of the impending changes, Schoeller will continue to operate as a kind of private bank and at the same time as the merchant banking arm of the two large partners, GZB and Girozentrale with consolidated balance sheets of over Sch 60bn and Sch 100bn respectively.

The GZB will initially invest some Sch 150m in the new enterprise. The nominal capital of the Schoeller bank will be probably Sch 180m. But the details about the size of the holding company's capital and reserves will be worked out during the next few months.

The reorganisation will not affect Gebrueder Schoeller, the family-owned trading company with an annual turnover of Sch 1bn. Nor will BPS (Breisach-Pinschof-Schoeller Bank), another small merchant bank, be involved in the reorganisation. The Schoeller Bank has a 49 per cent holding in BPS with a balance sheet of Sch 2.4bn. Chemical Bank has a 25 per cent interest, with the balance held by the shareholders of the erstwhile Pinschof Bank, which merged with the Breisach-Schoeller Bank in 1969. Meanwhile, the Schoeller family is also negotiating with foreign banks interested in taking a minority stake in the new public company.

Front-runners

It is believed that well-known Swiss and British banks are the front runners, although talks are also going on with potential Dutch and German partners. The Schoeller family would clearly like to maintain an optimum degree of independent decision-making. It is doubtful, however, whether the two major partners, GZB and Girozentrale, will be willing to share power and future profits with a foreign newcomer.

But regardless of the future changes in the capital structure, the reorganisation puts an end to an interesting chapter in Austrian banking history and to the independence of the Schoeller Bank which was founded in 1833 by Alexander von Schoeller.

Montedison issues fully subscribed

BY PAUL BETTS IN ROME

WHAT IS perhaps the largest ever funding operation in recent Italian corporate history involving L375bn ($447m) has now been completed with the announcement by Montedison, the Milan-based chemical and synthetic fibres conglomerate, that its L200bn rights issue and L175bn bond issue had been entirely subscribed.

Apart from the Rome financial company Bastogi, Montedisons other large private and state shareholders subscribed to their quota of the four-for-three rights issue involving the issue of some 1.16bn new shares with a nominal value of L175 each. These shareholders are also reported to have agreed to take up their quota of the bond issue.

At the same time, the Paris-based Banque Arabe Internationale et d'Investissement acting on behalf of a number of Arab interests understood to be led by the Saudi Arabian financier Mr. Garth Pharaon, has now officially become a major shareholder in the Milan group by subscribing to some 204m new shares and an equivalent quota of the bond issue for an overall value of about L50bn the Arab interests have acquired a 10 per cent stake in the Italian company.

However, as widely expected, Montedison's small private shareholders subscribed to barely 107m new shares. The company's share price has dropped from L1,000 to a present level averaging L170, a dividend has not been paid since 1974 and the company's losses for last year are expected to be well in excess of L200bn.

A consortium of leading Italian banks led by the Milan medium-term credit institute, Mediobanca, which had agreed to underwrite the issue, has thus been forced to take up nearly half the issue by subscribing to some 561m new shares.

Montedison also confirms that a trading company, jointly controlled by the Italian group and its new Arab shareholders, has been established. This will concentrate its activities on the sale of raw materials, especially oil. Montedisons current oil requirements are put at between 5m and 6m tonnes a year.

But the proposed sale to the Arab shareholders, who will now sit on the Montedison controlling shareholding syndicate to be renewed at the company's annual meeting in April, of a 20 per cent stake in Fingest has been postponed for six months.

This is understood to follow reluctance on the part of the Arab shareholders to take up this stake in Montedison's financial and insurance group in view of the Italian company's intentions to sell its entire holdings in Fingest together with a number of other assets to ease the burden of its debts of more than L3,000bn. Before committing themselves to this part of the deal with Montedison, the Arabs apparently want to see who will eventually acquire Fingest.

At the same time as substantially increasing its capital in the face of the company's crippling losses and accumuated debts, Montedison plans to reorganise the parent company, Montedison SPA, into a financial holding which will control its various operations in about seven separate operating companies. The new operating companies will attempt to rationalise and concentrate their activities in specific sectors like, for example, basic petrochemicals and plastics.

This reorganisation programme, which is expected to involve a top management reshuffle reducing the number of members currently sitting on the Montedison board, follows the pattern of the recently completed reorganisation of the Turin car conglomerate, Fiat. A holding company now controls all the activities of the Turin group diversified in 11 operating companies.

But the key rationalisation of Montedison activities in the heavy loss-making synthetic fibres sector by incorporating the various fibres operations of the company's two subsidiaries, Montefibre and Snia Viscosa, into a separate concern called Snia Fibre is still blocked.

Smit to reduce dividend

BY CHARLES BATCHELOR IN AMSTERDAM

A SECOND poor year for the Dutch ocean towage and salvage group Smit Internationale has forced a cut in dividend to Fl 2 per share from Fl 3.60. Net profit for 1977-78 was more than halved in the Smit's second year as a publicly quoted company to Fl 16.1m ($8m) from Fl 35.4m.

The dividend, to be paid in cash, is equivalent to 47 per cent of the net result for last year, which ended September 20, compared with 38 per cent in 1976-77. Turnover was broadly unchnged at Fl 457m ($227m).

Smit faced tough international competition in almost all of its fields of operation. Prices in the ocean towing division were particularly poor in the final months of the year. The weakness of the dollar and related currencies as well as the high level of costs in Holland also affected operations.

VONTOBEL EUROBOND INDICES
14.5.76 = 100%

PRICE INDEX	16 1 79	9 1 79	AVERAGE YIELD	16 1 79	9 1 79
DM Bonds	104.0	104.57	DM Bonds	5.658	[illegible]
HFL Bonds & Notes	99.33	99.25	HFL Bonds & Notes	8.472	8.471
U.S. $ Strt. Bonds	95.37	95.23	U.S. $ Strt. Bonds	9.609	9.668
Can. Dollar Bonds	95.17	95.21	Can. Dollar Bonds	[illegible]	[illegible]

MEDIUM-TERM CREDITS

Mexico negotiates improvement in terms

By Our Euromarkets Staff

MEXICO IS negotiating a major improvement in the terms of its international bank borrowing in the Eurocurrency markets.

The state electricity concern Comision Federal de Electricidad is seeking a $300m loan with a maturity of up to 12 years. While the emerging central American oil producer has been enjoying much better access to the international credit markets, its loans so far have been confined to a maximum 10 years' duration.

For instance, a credit for the state development agency, Nacional Financiera last month had a maximum term of 10 years. This loan was well received, and was increased in size to $600m from $500m.

The new credit will probably carry 10- and 12-year tranches, at spreads ranging from ¾ per cent to 1 per cent over interbank rates.

Final conditions are being discussed with the American and European banks competing to win the mandate to assemble the deal.

Meanwhile, Orion Bank is arranging an $80m 12-year credit for Alcan Aluminio do Brasil. Terms include a spread of 7 per cent to 8 per cent for the first four years, and 1 per cent thereafter.

The next large credit for Brazil is expected to be a $330m package for the state airline, Varig for the purchase of U.S. aircraft. At least $100m will be provided by the U.S. Export-Import Bank.

The Euromarket banks are still encountering a high level of refinancing of past loans by many borrowers.

The Italian state energy agency, ENI, has informed Deutsche Bank, the lead manager of a $200m loan completed in autumn, 1977, that it intends to partially to prepay the facility. At the same time, ENI plans to raise a fresh loan at better margins.

The refinancing has wider significance for Italian borrowers. The $200m represented one of the first loans to be raised by an Italian Government agency after a break of several years, when Italian political and economic problems virtually barred the country from the Euromarkets.

The terms on the new loan are expected to involve a spread of ¾ per cent for eight years, compared with 1¾ per cent for six years on the original.

In Argentina, the motorway company, Autopistas Urbanas SA is arranging a $130m package, comprising dollar and yen facilities.

A Y15bn loan, managed by the Long Term Credit Bank of Japan and Mistui Trust and Banking Company, is for 15 years at a fixed interest rate of 7.6 per cent.

Libra Bank is arranging a $55m 10-year tranche, carrying spreads of ⅞ and ¾ per cent.

Singapore Refining Company, a consortium of oil companies and local interests, is negotiating an $85m loan to help increase Singapore's refining capacity. Chase Manhattan is leading the talks.

In a rare U.S. corporate borrowing exercise in the Euromarkets, Republic Steel Corporation is securing $30m over an eight-year term.

The spread is ¾ per cent for the first four years, and ⅞ per cent thereafter. A multi-currency drawing option is provided by the lending banks, which are headed by Orion Bank.

The DM denominated club loan being arranged for Banco de la Nacion under the lead of Compagnie Financiere de la Deutsche Bank amounts to about DM700m. Other terms include a maturity of 12 years and a split rate over the interbank rate of ¾-⅞ per cent.

IRAN DEBT

Banks make further review

BY JOHN EVANS

INTERNATIONAL banks are being asked to make a further review of part of Iran's foreign debt. Bankers participating in two Eurocurrency loans totalling $320m to the semi-state Industrial Credit Bank of Iran, are being polled over their attitude to the credits after the severe Iranian economic and political disruption.

This follows a similar poll recently by Chase Manhattan Bank among the 20 or so banks which assembled a $100m loan for the same borrower in 1976. As has been reported, the majority of banks decided not to declare this credit as in default—after reviewing a specific clause in the loan agreement. This provision gave them the right to call for immediate repayment, if it were determined that conditions in the country had changed sufficiently since the loans were advanced.

While replies have not yet been received, bankers expect that a similar attitude will be displayed by most participants in the two latest credits.

Chase Manhattan, which is also the agent for the two loans, sent telexes mid-week to about 40 U.S., European and Japanese banks which had advanced the funds. These comprise a $200m facility arranged in 1978, and a $120m loan dating back to early 1977.

Chase is taking its new action partly because of the technical cross-default provisions contained in most syndicated loans. Under this, declaration of default on one loan automatically triggers a similar situation in associated facilities.

Industrial Credit Bank has been among the most active Iranian institutions borrowing in the Euromarkets. This week's poll is therefore regarded as a further test case for the country's Euromarket debt.

Amatil pays more following bigger profits on tobacco

BY JAMES FORTH IN SYDNEY

THE DIVERSIFIED industrial group, Amatil, in which British-American Tobacco of the UK holds about 39 per cent, has raised U.S. dividend for the second successive year, after a 23 per cent increase in earnings, from A$24.09m to A$29.17m (US$33.7m), in the year to October 31.

The result from the tobacco, pastoral, packaging and food group, is almost double that of two years ago. Most of the increase was recorded in the second half, when profit jumped by 43 per cent, from A$11.38m to A$16.28m. Earnings in the first six months rose only 5.3 per cent.

The directors have raised the final dividend from 8 cents a share to 9 cents, taking the year's payout from 16 cents to 17 cents. Last year the dividend was lifted from 14 cents.

The directors cited a number of factors behind the improvement. These included a smal, but welcome, increase from the tobacco products division over the 1977 record profit, despite intense competition and the large increase in excise duty in the Federal Budget, last August.

Results from the soft drinks and snack foods divisions, it was said, were particularly pleasing, while the TA Field meat processing division made a very satisfactorily regarded contribution in its first full year as part of the Amatil group.

The directors added that there was a marked improvement by the frozen vegetable division, which was, however, still not profitable, while higher cattle prices brought about a better result from the pastoral division.

The higher profit was achieved despite the exclusion of profits from the Golden Poultry Group, following a capital reconstruction which reduced Amatil's investment to 49 per cent of the ordinary capital, making it no longer a subsidiary. Golden Poultry contributed A$963,000 to the 1977 result and would have contributed A$1.5m if it had been included in the 1978 profit.

The profit increase was achieved on a rise in sales of only 9.5 per cent, from A$873m to A$956m.

The result excluded extraordinary losses of A$2.56m, which included a loss of $1.27m written off intangible assets; a provision of A$719,000 against an advance to an associated company and an A$823,000 net loss on sale of investments. The losses were only partly offset by a gain of A$990,000 from exchange rate fluctuations and a A$571,000 profit on the sale of subsidiary companies.

During the year, Amatil disposed of its investment in the Victorian brewery, Courage Breweries, and more recently sold some of its pastoral investments. The partly-owned subsidiary, Fibre Containers, recently purchased the fibre packaging business of Australian Consolidated Industries for more than A$13m.

Another record year for AMP

BY OUR SYDNEY CORRESPONDENT

AUSTRALIAN MUTUAL provident Society, the largest life office in the country, lifted its sales by A$230m to A$6.51bn (U.S.$7.4bn) in 1978, making the 35th consecutive record year for the society.

Ordinary sales rose by 6.2 per cent, or A$193m to A$3.3bn, but superannuation business showed little growth. New sums insured under superannuation plans brought the total superannuation sales to $3.06bn, which was described as substantially the same as the 1977 record figures. Collector sales rose 66 per cent to A$122m, resulting from a new temporary benefit introduced last year.

Individual term insurance amounted to A$1.46bn, or 11.7 per cent higher than in 1977. Annual income on all business, however, dipped 2.3 per cent to A$127m with ordinary business figures up 3.6 per cent but superannuation down by 4.3 per cent.

The general manager of the AMP, Mr. K. W. Steel, said that the investment merits of the society's life policies were becoming increasingly apparent, and predicted that there would be a return to basic life insurance as the best means of long term saving.

He said that many of the society's major investments over the past decade had been in projects where long development periods must elapse before income was generated. The AMP was only now starting to reap the full benefits. Coupled with the portfolio of listed ordinary shares and the real estate holdings, the AMP had every reason to be confident. Its policies were backed by an equity portfolio with a great potential for growth, Mr. Steel added.

On the economy, Mr. Steel said that Australia moved into 1979 with its relative cost structure improved, and with a sense of greater optimism in the business outlook: "Given a reasonable upturn in world conditions, and our customary 'little bit of luck' we will start the next financial year in an economic climate which is characterised by rising confidence and by renewed recognition of the high potential for sound economic development which Australia offers."

Inchcape in joint venture to exploit Sabah timber

BY WONG SULONG IN KUALA LUMPUR

AGREEMENT has been reached in principle between Inchcape Berhad, Malaysian and Kuwaiti interests to form a joint venture company to exploit 300,000 acres of timber concession in the interior of the East Malaysian State of Sabah.

The project, which would involve investments of up to 100m ringgit (US$45m), would include the construction of a 100-mile road from the west coast to Sapulut in the interior, not far from the Indonesian border.

Partners with Inchcape Berhad are the Masarbah Company, owned by the Sarawak businessman, Mr. Wee Boon Ping, and the Kuwait Timber and Trading Manufacturing Company.

Mr. Roy Davies, chairman of Inchcape Berhad, said that the Kuwait company would send its representatives to Malaysia next month to finalise the deal. He said the project would include major milling and timber processing factories, and that it would contribute significantly to the state's development, because the road would open up a vast area of Sabah's interior.

The Inchcape Group, he said, was also looking into other investment prospects in Sabah, particularly those related to natural resources. The Inchcape project is the second major timber-related venture being discussed with the Sabah Government in the past few weeks.

A fortnight ago, Tun Tan Siew Sin, chairman of Sime Darby, and representatives of the Indian business house, Birla, held discussions with the Chief Minister, Datuk Harris Salleh, on plans to set up a major rayon and pulp factory in the state.

Good start to year at Kiwi International

By Our Sydney Correspondent

THE PHARMACEUTICAL and household products group, Kiwi International has made a promising start to 1978-79. The chairman, Sir Thomas Ramsay, told shareholders today at the meeting in Melbourne that both sales and profitability for the first quarter of the current year, to August 31 were ahead of those for the previous period last year.

He forecast that the year would again be saisfactory for Kiwi despite difficult trading conditions in most countries in which the group operated.

Kiwi rationalised some of its operations during 1977-78, and Sir Thomas indicated that changese would continue where practicable during the current year.

In 1977-78 Kiwi lifted its profit by 42 per cent to A$3.7m (U.S.$4.2m).

Thailand proposes Y10bn bond

The Japanese Finance Ministry is considering a Thai Government proposal to issue a bond of about Y10bn ($51m) through public placement on the Japanese capital market, Reuter reports from Tokyo.

One problem, however, is that under the unofficial guidelines of Japanese underwriters, a foreign issuer on the domestic market must have made two issues elsewhere in the past five years.

Thailand made a Y10bn private bond placement in Japan last year, but has apparently made no other bond issues in the five-year period.

The Thai Government has appointed Nomura Securities as lead manager of a syndicate to underwrite the bond and the Bank of Tokyo as lead trustee bank for the loan.

From Seoul, AP-DJ reports that South Korea plans to pay back outstanding Japanese yen loans with interest rates of more than 8 per cent unless Japanese creditors agre to reduce their interest to about 7.3 per cent.

The economic daily Seoul Yyungje Shinmun quoted unnamed officials in a report yesterday as saying that because of its beter credit rating overseas, Korea now can obtain long-term loans on overseas money markets at less than 8 per cent.

Finance house sets up in Hong Kong

BY ANTHONY ROWLEY IN HONG KONG

MITSUBISHI TRUST and Banking Corporation and the National Bank of Australasia yesterday opened formally a joint finance company, Australia-Japan International Finance.

According to Mr. T. Suda, president of Mitsubishi Trust: "Japanese trust banks until recently had no operating presence in South East Asia or the Far East outside of Japan, they are now hastening to set up in the region."

He said that, following the establishment of diplomatic relations by the U.S. with China, Hong Kong is expected to become an increasingly important base for increased trade and financial transactions with China.

Mitsubishi Trust and Banking Corporation is Japan's largest trust bank, with assets equivalent to US$31.8bn. The National Bank of Australasia is one of Australia's biggest banks with assets over $7.4bn. Their new joint subsidiary (AJIF) is 50 per cent owned by each.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1970=100); retail sales volume, retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
1977							
3rd qtr.	106.2	103.3	106	104.3	234.2	1,413	151
4th qtr.	105.9	102.1	106	104.4	[illegible]	1,431	157
1978							
1st qtr.	107.1	102.5	108	106.3	246.0	1,409	188
2nd qtr.	111.1	105.0	105	108.0	254.5	1,367	213
3rd qtr.	110.6	104.8	113	110.8	267.5	1,380	213
June	111.8	105.9	99	108.7	257.3	1,365	217
July	111.3	105.2	109	111.4	265.8	1,371	211
August	111.4	105.6	109	111.8	270.3	1,392	209
Sept.	110.4	104.5	120	109.5	266.6	1,378	219
Oct.	109.3	103.3		109.6	267.2	1,360	228
Nov.				109.9	269.1	1,339	231
Dec.				113.0		1,321	231

OUTPUT—By market sector; consumer goods investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1977							
3rd qtr.	104.3	98.7	116.5	99.9	107.8	101.3	25.4
4th qtr.	104.9	97.5	114.4	98.7	95.2	100.2	20.7
1978							
1st qtr.	105.3	99.8	116.3	100.8	95.4	97.2	17.8
2nd qtr.	107.9	99.2	122.9	100.7	103.2	99.4	27.1
3rd qtr.	107.1	100.5	122.4	101.6	102.3	100.6	22.8
July	106.0	101.0	124.0	101.0	113.0	104.0	23.6
August	109.0	101.0	122.0	103.0	93.0	104.0	20.3
Sept.	107.0	100.0	122.0	100.0	101.0	101.0	24.5
Oct.	106.0	98.0	122.0	98.0	101.0	99.0	24.4
Nov.							20.1

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1977							
4th qtr.	117.6	102.7	−5	+591	−657	102.4	20.39
1978							
1st qtr.	119.5	114.1	−635	−406	−637	104.8	20.63
2nd qtr.	122.0	110.3	−175	+133	−393	104.6	16.75
3rd qtr.	125.3	116.1	−334	−18	−507	105.3	16.55
4th qtr.	126.2	115.1	+40	+400	−482	106.1	15.77
August	124.4	111.3	+49	+155	−96	105.7	16.4
Sept.	125.1	120.8	−233	−128	−191	105.5	16.31
Oct.	127.4	111.9	+100	+220	−133	105.3	15.97
Nov.	124.6	120.3	−186	−66	−161	106.6	15.67
Dec.	126.7	113.0	+126	+246	−188	106.3	15.69

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); buildings societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1977							
3rd qtr.	280.0	10.4	20.3	+365	1,157	1,149	7
4th qtr.	23.2	12.6	8.7	+698	1,639	1,189	7
1978							
1st qtr.	24.3	23.8	17.5	+1,791	1,049	1,260	6½
2nd qtr.	3.5	13.7	24.6	+2,858	694	1,393	10
3rd qtr.	16.8	5.3	8.6	+525	746	1,427	10
August	5.7	1.6	15.7	−392	200	403	10
Sept.	16.8	5.3	8.6	+713	346	476	10
Oct.	13.8	5.5	1.8	+535	263	469	10
Nov.	12.3	10.6	9.8	+106	261	505	12½
Dec.					234		12½

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earn-ings*	Basic matls.*	Whsale mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1977							
4th qtr.	119.9	142.3	145.8	187.4	193.3	234.2	63.3
1978							
1st qtr.	123.1	140.2	148.2	190.6	197.3	238.61	64.6
2nd qtr.	129.9	146.3	151.8	195.8	203.8	242.37	61.5
3rd qtr.	133.3	144.0	154.8	199.2	206.2	253.74	62.4
4th qtr.	—	147.0	157.3	202.6	208.0	257.69	63.0
August	131.7	144.2	154.8	199.4	206.3	248.54	62.4
Sept.	134.2	144.2	155.7	200.2	206.3	253.74	62.7
Oct.	135.2	145.7	156.6	201.1	205.6	265.22	62.6
Nov.	136.0	147.3	157.1	202.5	207.9	263.63	62.5
Dec.		148.0	158.3	204.2	210.5	257.69	64.0

* Not seasonally adjusted.

Companies and Markets **CURRENCIES, MONEY and GOLD**

Dollar weakens despite support

The U.S. dollar tended to fluctuate in yesterday's foreign exchange market, and ended somewhat down from Tuesday's closing levels. In early trading the U.S. unit looked distinctly weaker following reports of the Bundesbank's apparent reluctance to continue supporting the dollar on the same scale as last year. However, a later statement reasserting the Bundesbank's intention to maintain an unchanged intervention policy, helped the U.S. unit to recover. During the afternoon this trend was soon reversed before assistance from the Federal authorities helped it to stabilise.

Against the D-mark, the dollar sank to DM1.8260 before the Bundesbank statement. It then rose to DM1.8360 soon after, touched a high point of DM1.8460 and closed at DM1.8425, still down from Tuesday's close of DM1.8485. In terms of the Swiss franc it fell to SwFr1.6520 before closing at SwFr1.6712½ compared with SwFr1.6800 previously. On Morgan Guaranty figures at noon in New York, its trade weighted average depreciation widened to 9.0 per cent from 8.8 per cent. Using Bank of England figures, the dollar's index fell from 83.9 to 83.7.

Sterling reacted to the dollar much in the same way as other major currencies and its trade weighted index improved to 63.4 from 63.3, having stood at 63.4 all day. After opening at $2.0065-2.0075, the pound reached $2.0150 on dollar weakness but fell to $2.0040 during the afternoon on Fed intervention. Sterling closed at $2.0060-2.0070, a rise of 40 points from Tuesday's close.

FRANKFURT — At the fixing the dollar fell to DM 1.8360, well down from Tuesday's level of DM 1.8560, and the Bundesbank intervened at this stage for the first time this week, by buying over $7m. After reports that the Bundesbank did not intend to continue supporting the U.S. unit on an unlimited scale, it dropped to DM 1.8270. However, a later statement by the Bundesbank reaffirming an unchanged intervention policy helped the dollar to stabilise.

Further support by the Bundesbank pushed the dollar firmer in afternoon trading, and it closed at DM 1.8445. There was a feeling in some quarters that its decline may have been overdone and its late upward trend was possibly assisted by intervention from U.S. Federal authorities.

MILAN—In line with its performance in other financial centres, the dollar fell sharply yesterday to be fixed at L832.90 against L839.2 on Tuesday. The continued uncertainty in Iran appeared to be having a slightly depressing effect on the U.S. currency. The Swiss franc improved to L500.09 from L495.25 in line with a general improvement against the lira by most European currencies.

ZURICH—In rather hectic trading the dollar continued to lose ground despite Bundesbank assurances that its policies on intervention were unchanged. The U.S. unit touched SwFr. 1.6530 during the morning, picked up to SwFr 1.6675 and then eased back to SwFr 1.6655. Market sources seemed to paint a rather gloomy picture for the dollar, with confidence remaining low.

AMSTERDAM—The dollar was fixed at Fl 1.9820 yesterday, down from Tuesday's level of Fl 2.0025. In later trading the U.S. currency improved to Fl 1.9893.

TOKYO—The dollar fell sharply against the yen yesterday and closed at Y196.775 compared with Tuesday's level of Y197.95. After opening at Y196.70, the U.S. unit sank to Y196.40 following on its poorer performance in Europe and New York. Confusion over the Bundesbank's intentions on further large intervention to support the dollar helped push the U.S. unit lower. Nevertheless, there did not appear to be any intervention by the Bank of Japan, with demand for the settlement of import payments preventing any further fall. Trading was described as moderate with turnover in the spot market at $459m, forward trading at $143m, and swap dealings totalling $709m.

THE POUND SPOT / FORWARD AGAINST £

Jan. 17	Bank rate %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	9½	2.0045-2.0150	2.0060-2.0070	0.50-0.40c.pm	2.69	1.10-1.00c.pm	2.00
Canadian $	11¼	2.3880-2.3975	2.3885-2.3895	0.50-0.40c.pm	2.26	1.40-1.30c.pm	2.26
Guilder	6½	3.96-4.01	3.99-4.00	2-1c.pm	4.50	5¼-4¼ c.pm	5.25
Belgian F	6	58.10-58.60	58.25-58.45	25-15 c.pm	4.11	70-60 c.pm	4.45
Danish K	8	10.26-10.38	10.27-10.28	par-2 ore dis	1.17	1-3 ore dis	−0.58
D mark	3	3.68½-3.71½	3.69½-3.70½	3½-2½ pf pm	9.73	9¾-8¾ pf pm	9.59
Port. Esc.	18	93.20-94.50	93.25-93.75	40-90 c. dis	−8.34	70-230 c. dis	−5.59
Span. Pes.	8	140.05-140.65	140.20-140.30	10-80 c. dis	−3.85	165-205 c. dis	−4.42
Lira	10½	1,671½-1,675	1,672½-1,673½	1½ lire pm-½ dis	0.85	2 lire pm-par	0.36
Nrwgn. K.	7	10.11½-10.15½	10.14-10.15	4-2 ore pm	3.55	8-7 ore pm	3.15
French Fr.	9½	8.46-8.51	8.49-8.50	4¾-3¼ c.pm	5.30	11-10½ c. pm	5.00
Swedish Kr	6½	8.67½-8.72½	8.71-8.72	4½-2½ ore pm	4.82	11½-8½ ore pm	4.70
Yen	3½	395-400	394½-395½	5.85-4.20y pm	12.19	10.95-11.25 y pm	11.20
Austria Sch	4½	27.00-27.15	27.05-27.10	20-10 gro pm	6.49	52-42 gro pm	6.77
Swiss Fr.	1	3.34-3.37½	3.35-3.36	4-3 c. pm	12.52	11½-10 c. pm	12.82

Belgium rate is for convertible francs. Financial franc 59.30-59.40.

Six-month forward dollar 1.70-1.60c pm. 12-month 3.00-2.90c pm.

THE DOLLAR SPOT AND FORWARD

Jan. 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canada†	0.8395-0.8410	0.8407-0.8410	0.08½-0.06½c dis	−1.07	0.02-0.05c dis	−0.03
Nethlnd.	1.9745-1.9905	1.9885-1.9905	0.37-0.32c pm	1.91	1.61-1.56c pm	3.17
Belgium	28.94-29.08	29.06-29.08	4-2½c pm	1.38	17-15c pm	2.24
Denmark	5.0975-5.1225	5.1200-5.1225	1.50-2.00ore dis	−4.10	3.50-4.00ore dis	−2.93
W. Ger.	1.8280-1.8435	1.8425-1.8435	1.14-1.09pf pm	6.92	3.45-3.40pf pm	7.54
Portugal	46.45-46.75	46.60-46.75	30-40c dis	−9.0	55-120c dis	−7.5
Spain	69.57-69.96	69.91-69.96	18-38c dis	−4.52	76-87c dis	−4.93
Italy	832.50-835.00	834.25-835.00	1.50-2.00lire dis	−2.52	3.50-4.25lire dis	−1.86
Norway	5.0335-5.0580	5.0560-5.0580	1.60-1.20ore pm	3.32	2.50-2.10ore pm	1.82
France	4.2170-4.2400	4.2350-4.2400	1.20-1.00c pm	2.80	3.05-2.85c pm	2.75
Sweden	4.3230-4.3430	4.3420-4.3430	1.00-0.80ore pm	2.49	3.00-2.80ore pm	2.67
Japan	195.90-197.00	196.80-197.00	1.65-1.50y pm	[illegible]	4.60-4.55y pm	9.29
Austria	13.39-13.52	13.51-13.52	6.50-5.50gro pm	5.34	17.50-14.75gro pm	4.78
Switz	1.6635-1.6750	1.6730-1.6750	1.51-1.46c pm	10.17	4.64-4.49c pm	10.92

† U.S. cents per Canadian $.

CURRENCY RATES

January 16	Special Drawing Rights	European Unit of Account
Sterling	0.647099	0.678797
U.S. dollar	1.28915	1.35386
Canadian dollar	1.53615	1.60929
Austrian schilling	17.5163	18.3770
Belgian franc	37.7205	39.5564
Danish krone	6.64235	6.95546
Deutsche Mark	2.39266	2.50979
Guilder	2.58152	2.70569
French franc	[illegible]	5.76136
Lira	1081.92	1135.89
Yen	255.381	267.490
Norwegian krone	6.57791	6.88118
Peseta	90.2843	94.8233
Swedish krona	5.62892	5.90175
Swiss franc	2.18578	2.29177

CURRENCY MOVEMENTS

January 17	Bank of England Index	Morgan Guaranty changes %
Sterling	63.43	−40.9
U.S. dollar	83.66	− 9.0
Canadian dollar	78.80	−18.5
Austrian schilling	147.50	+19.5
Belgian franc	114.75	+15.4
Danish krone	118.90	+ 7.5
Deutsche Mark	150.66	+42.1
Swiss franc	193.74	+87.5
Guilder	124.83	+21.1
French franc	99.92	− 5.7
Lira	54.30	−49.2
Yen	146.34	+44.6

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Jan.17	£	$		£ Note Rates
Argentina Peso	2061-2081	1027-1037	Austria	36½-37½
Australia Dollar	1.7555-1.7605	0.8750-0.8760	Belgium	59-60
Brazil Cruzeiro	42.04-43.04	20.95-21.45	Denmark	10.21-10.31
Finland Markka	7.91-7.93	3.9450-3.9470	France	8.45-8.55
Greek Drachma	71.465-73.195	35.50-36.50	Germany	3.67-3.77
Hong Kong Dollar	9.56-9.58	4.7730-4.7760	Italy	1,660-1,710
Iran Rial	153.50-163.50	76.5-81.5	Japan	395-405
Kuwait Dinar (KD)	0.533-0.543	0.2726-0.2727	Netherlands	3.95-4.05
Luxembourg Frc.	58.35-58.45	29.09-29.12	Norway	10.10-10.20
Malaysia Dollar	4.4175-4.4375	2.2120-2.2140	Portugal	91-100
New Zealand Dlr.	1.8910-1.8970	0.9420-0.9440	Spain	145½-147½
Saudi Arab. Riyal	6.62-6.72	3.3150-3.3200	Switzerland	3.30-3.40
Singapore Dollar	4.3400-4.3550	2.1650-2.1660	United States	2.0050-2.0100
Sth. African Rand	1.7547-1.7610	0.8645-0.8775	Yugoslavia	39.5-42.5

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Jan. 18	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.007	3.700	395.5	8.495	3.355	3.995	1673.	2.386	58.40
U.S. Dollar	0.498	1.	1.844	197.1	4.234	1.672	1.991	833.8	1.189	29.11
Deutsche mark	0.270	0.542	1.	106.9	2.296	0.907	1.080	452.2	0.645	15.78
Japanese Yen 1,000	2.528	5.073	9.355	1000.	21.48	8.483	10.10	4230.	6.033	147.7
French Franc 10	1.177	2.362	4.356	465.6	10.	3.949	4.703	1969.	2.809	68.75
Swiss Franc	0.298	0.598	1.103	117.9	2.532	1.	1.191	498.7	0.711	17.41
Dutch Guilder	0.250	0.502	0.926	99.00	2.126	0.843	1.	418.8	0.597	14.62
Italian Lira 1,000	0.598	1.199	2.212	236.4	5.078	2.005	2.388	1000.	1.426	34.91
Canadian Dollar	0.419	0.841	1.551	165.8	3.560	1.406	1.674	701.2	1.	24.48
Belgian Franc 100	1.712	3.436	6.336	677.2	14.55	5.745	6.841	2865.	4.086	100.

EURO-CURRENCY INTEREST RATES

Jan. 17	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	11	10⅛-10⅜	8⅛-9⅛	7¾-8	par-⅛	2⅛-2⅜	6⅞-7⅛	12-16	10⅛-10¼	9⅝-11⅛
7 day's notice	11⅝-11⅞	10¼-10½	8¼-9¼	7¾-8	par-⅛	2⅝-2⅞	6⅞-7⅛	11-12	10⅜-10⅝	⅞-1⅛
Month	12-12⅛	10-10¼	10⅜-10¾	7¾-8	par-⅛	3-3⅛	7⅛-7¾	12¼-13¼	10-10⅛	¼-1⅛
Three months	12⅜-12½	11⅛-11⅜	10¾-11⅛	7¾-8	par-⅛	3¼-3⅜	8¼-8½	12½-13½	11⅛-11⅜	1⅛-2
Six months	12⅝-12⅞	11⅞-12⅛	10⅞-11⅛	7¾-8	1/16-3/16	3⅛-3⅜	8⅞-9⅛	12¾-13¾	11⅝-11⅞	2⅛-2⅜
One year	12⅞-12⅞	11¾-12	10⅞-11⅛	7¾-8	⅛-⅜	3⅞-4⅛	9⅝-9⅞	13-14	11⅝-11⅞	2⅞-3⅛

The following nominal rates were quoted for London dollar certificate of deposit: one month 10.60-10.70 per cent; three months 11.05-11.15 per cent; six months 11.60-11.70 per cent; one year 11.55-11.65 per cent.

Long-term Eurodollar deposits: two years 10¾-11¼ per cent; three years 10¾-10⅞ per cent; four years 10⅝-10⅞ per cent; five years 10⅝-10⅞ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

European credit moves

A general easing of money market conditions in parts of Europe was reflected in several moves yesterday. In Brussels credit conditions were eased by a reduction in the Lombard rate to 8 per cent from 8½ per cent, and a similar cut in the discount rate for "B" quotas by the Belgian National Bank. Under present rules commercial banks are allowed a certain level of borrowing at the 6 per cent discount rate. This represents the "A" quota, while the "B" quota is used as a penal rate for further borrowing. The discount rate has been left at 6 per cent.

Deposit rates for the Belgian franc (commercial) were: one month 8¾-9¼ per cent, compared with 8¾-9 per cent previously; three-month 8¾-9¼ per cent, compared with 9¼-9 5/16 per cent; six-month 8¾-9 per cent, against 8¾-9 5/16 per cent; and 12-month 8¾-9 per cent, against 8¾-8⅞ per cent.

ROME — The Bank of Italy announced an easing of restrictions on the expansion of bank credit, firstly by doubling to L100bn the minimum size of loans that are used to decide the level a bank has increased its outstanding credit, and also by raising by 1 per cent the limits on credit growth through January and March. The easing will make an additional L1.0-1.2 trillion of credit available through March.

AMSTERDAM — Large shortages of credit continue in the money market, although there are signs of some easing of the recent tight conditions, with interest rates declining in places yesterday.

PARIS—Day-to-day money was unchanged at 7 per cent, but period rates were firmer.

FRANKFURT — Call money eased to 2.95-3.05 per cent from 3.0-3.2 per cent, and one-month was quoted at 3.5-3.55 per cent, compared with 3.5-3.6 per cent. Three-month funds eased to 3.6-3.65 per cent from 3.65-3.75 per cent, but six-month were 3.8-3.85 per cent, compared with 3.75-3.85 per cent; and 12-month were 4.2-4.25 per cent, compared with 4.15-4.25 per cent.

NEW YORK—Federal funds were steady at around 10 per cent, and Treasury bill rates showed little change, with 13-week bills at 9.45 per cent, against 9.46 per cent late Tuesday; 26-week bills unchanged at 9.58 per cent; and one-year bills at 9.63 per cent, compared with 9.46 per cent.

GOLD

Further rise

Gold continued to rise in the London bullion market yesterday and closed $7½ an ounce higher at $228½-229. After opening at $226½-227, the metal was fixed at $225.000 in the morning and $227.25 in the afternoon. The highest point touched during the day was probably the close, although in New York, it touched $230 briefly.

In Paris the 12½-kilo bar was fixed at FFr 30,750 per kilo $226.69 per ounce) compared with FFr 30,640 (225.76) in the morning and FFr 30,450 ($222.29) on Tuesday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 13,315 per kilo ($225.47 per ounce) against DM 13,110 ($219.78).

	Jan. 17	Jan. 16
Gold Bullion (a fine ounce)		
Close	$228½-229	$221-221½
Opening	$226½-227	$218½-219
Morning fixing	$225.00 (£111.874)	$219.00 (£109.085)
Afternoon fixing	$227.25 (£113.144)	$220.65 (£110.380)
Gold Coins, domestically		
Krugerrand	$238½-24½ (£118-120½)	$234-236 (£117-118)
New Sovereigns	$64-66 (£32-33)	$64-66 (£32-33)
Old Sovereigns	$65½-67½ (£32½-33½)	$64-66 (£32-33)
Gold Coins, internationally		
Krugerrand	$235-237 (£117½-118½)	$227-229 (£113½-114½)
New Sovereigns	$59½-61½ (£29½-30½)	$58-60 (£29-30)
Old Sovereigns	$65½-67½ (£32½-33½)	$64-66 (£32-33)
$20 Eagles	$295-297	$293-298
$10 Eagles	$162½-167½	$159-164
$5 Eagles	$105-110	$109-114

UK MONEY MARKET

Extremely large help

BANK OF ENGLAND MINIMUM LENDING RATE 12½ PER CENT (since November 9, 1978)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave extremely large assistance by buying a small amount of local authority bills, and a very large number of Treasury bills from the discount houses. The help was completed by official purchases of a small amount of eligible bank bills from the discount houses. The help was completed by official purchases of a small amount of eligible bank bills from the houses, for resale at an agreed future date.

There was a moderate fall in the note circulation, but this was outweighed by fairly large run-down bank balances carried over from Tuesday, and a fairly large excess of revenue payments to the Exchequer over Government disbursements.

Discount houses paid around 11 per cent for early secured call loans, and late balances were taken at 11¾-12 per cent.

In the interbank market overnight loans opened at 11¾-11⅞ per cent and rose to 13-13½ per cent during the morning. After easing to 12-12½ per cent rates picked up to 13½-14 per cent at noon. As the third Wednesday in the month this was published figure day for London banks, and rates continued to move sharply in the afternoon, ranging between 11½ per cent and 13 per cent, before sinking to 2-3 per cent at the close.

LONDON MONEY RATES

Jan. 17 1979	Sterling Certificate on deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	2-14	—	—	—	11½-13	11-12	—	—	—
2 days notice	—	—	11⅝-12	—	—	—	—	—	—	—
7 days or..	—	—	—	—	—	12½	—	—	—	—
7 days notice	—	12⅛-12¼	11¾-12	—	12¼	—	11½	—	—	—
One month	12⅛-12	12 1/16-12¼	11¾-11⅞	12-12⅛	12⅛	12½	11¾	11 [illegible]-11 [illegible]	12 [illegible]	12⅛
Two months	12 [illegible]-12 [illegible]	12 [illegible]-12⅛	—	12-12⅛	12⅛	—	11⅞	11 [illegible]	12⅛	12½
Three months	12 [illegible]-12 [illegible]	12⅛-12¼	12⅛	11⅞-12⅛	12¼	13	12	11 [illegible]-11⅞	12 [illegible]-12 [illegible]	12¾
Six months	12 [illegible]-12 [illegible]	12⅜-12 [illegible]	12¼-12⅜	11⅞-12¼	12¾	—	—	—	12⅛	13
Nine months	12¼-12⅜	12¼-12 [illegible]	—	12-12⅜	12⅝	—	—	—	—	—
One year	12 [illegible]-12 [illegible]	12⅛-12 [illegible]	12-12⅛	11⅞-12⅝	12⅝	—	—	—	—	—
Two years	—	—	12⅛-12½	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years 12½-12⅝ per cent; four years 12⅝-12⅞ per cent; five years 12⅞-13 per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅛ per cent; four-month trade bills 12⅞ per cent.

Approximate selling rates for one-month Treasury bills 11½ per cent; two-month 11 [illegible] per cent; three months 11 [illegible]-11 [illegible] per cent. Approximate selling rate for one-month bank bills 11 [illegible] per cent; two-month 12-12 [illegible] per cent; and three-month 12 [illegible]-12⅛ per cent; one-month trade bills 12⅞ per cent; two-month 12⅞ per cent; and also three-month 12½ per cent.

Finance House Base Rates (published by the Finance Houses Association) 12½ per cent from January 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 11.7856 per cent.

MONEY RATES

NEW YORK	
Prime Rate	11.75
Fed Funds	10
Treasury Bills (13-week)	9.45
Treasury Bills (26-week)	9.58
GERMANY	
Discount Rate	3
Overnight Rate	3.0
One month	3.525
Three months	3.625
Six months	3.825
FRANCE	
Discount Rate	9.5
Overnight	7.0
One month	6.8125
Three months	6.8125
Six months	6.8125
JAPAN	
Discount Rate	3.5
Call (Unconditional)	4.75
Bills Discount Rate	4.625

Dow off 2.5 more in moderate early trade

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—88¾% (90¼%)
Effective $2.0065 45¾% (46½%)

IN A continuance of Tuesday's fall, which reflected fears that the Bundesbank may reduce its support for the dollar, Wall Street moved modestly lower in moderate early trading yesterday.

The Dow Jones Industrial Average, down 13 points the previous day, shed 2.52 more to 833.07 at 1 pm. The NYSE All Common Index slipped 20 cents further to $55.46, while declines outscored rises by a two-to-one ratio. Trading volume decreased to 16.65m shares from Tuesday's 1 pm figure of 21.73m.

Closing prices and market reports were not available for this edition.

Analysts said investors are worried that if the dollar weakens the Federal Reserve will be forced to take a more stringent monetary stance to support it.

Until Tuesday, recent slowing of U.S. money growth had generated hope that the Fed would not need to tighten credit further in the near term.

Gaming shares were firming after initial weakness. Volume leader Bally Manufacturing picked up ¾ to $56½ after sliding to $55¼. Ramada Inns were unchanged at $11¼.

Citicorp, which lost more than a point on Tuesday despite reporting higher fourth-quarter profits eased ¼ more to $25 and was the second most active NYSE issue.

Great Atalantic and Pacific Tea slipped ⅛ to $6⅞. West Germany's Tengelmann Group has agreed to buy 42 per cent of Great Atlantic's shares from four major holders for about $75m.

Honeywell, which reported a rise in fourth-quarter profits, advanced 1¾ to $73⅞.

Bates Manufacturing lost $1 to $60. The company has revised terms of the proposed sale of its coal properties to American Natural Resources and said that it would liquidate after the sale. American Natural shed ⅞ to $38½.

THE AMERICAN SE Market Value Index was 0.53 lower at 158.85 at 1 pm after reduced activity. Volume 1.67m shares (2.27m).

Resorts International "A" topped the Amex actives list and rose 1¼ to $34⅞. Plant Industries, in second place, lost ⅛ to $6⅞. A block of 40,100 shares were traded at $6½.

Trading in Lafayette Radio was resumed for the first time since December and it picked up ⅛ to $2¼. Commodore International this week revised terms of its proposed acquisition of Lafayette.

Canada

Shares mainly relinquished further ground in a moderate business yesterday morning, with the Toronto Composite Index reacting 4.6 more to 1,350.8.

Metals and Minerals receded 7.0 to 1,180.0 on index, while Oils and Gas declined 3.8 to 1,889.2, Banks 1.11 to 316.47 and Utilities 0.69 to 199.18. Golds, however, continued to strengthen, rising 12.0 further to 1,483.5.

Placer Development, which said 1978 earnings will be reduced by C$8m due to extraordinary items, lost ¼ to C$27⅞.

Budd Automotive of Canada shed ⅝ to C$9¼. The company, which previously announced that it will no longer supply car frames for Ford Motor, said it will lay off half of its workforce.

Among active issues, Brascan "A" eased ¼ to C$19 and Inco slipped ⅛ to C$20⅞.

Credit Foncier, which said it is proceeding with merger discussions with Trust General, fell 2¼ to C$132¼ on small volume.

Royal Bank lost ⅛ to C$39⅞, Canadian Imperial ⅛ to C$29⅞ and Bank of Montreal ⅛ to C$25⅞.

Tokyo

Market closed with an easier bias following fresh profit-taking, which was concentrated in export-orientated issues and speculatives.

The Nikkei-Dow Jones Average shed 6.22 more to 6,111.82, while there was a fair turnover of 380m shares (300m).

Electricals, Cameras and Vehicles were mainly lower, but Commodity shares, including Cotton Spinners, generally gained ground.

Toyota Motor lost Y6 to Y789, TDK Electric Y60 to Y1,900, Fuji Photo Film Y6 to Y719, Victor Y20 to Y1,100 and Asahi Optical Y16 to Y610.

Large-capital issues, including Nippon Steel, declined after recent strength, but Oils were in good demand on the continuing turmoil in Iran and news that China and Japan are to discuss a joint development in the Bohai Bay.

Germany

With the weaker dollar sapping market confidence, stocks generally declined yesterday. The Commerzbank index reacted 5.6 to 834.0.

Among Engineerings, KHD lost DM 4.90, GHH DM 5.00, and Linde DM 7.50. In Stores, Karstadt receded DM 7.00 and Horten DM 5.50, while Motors had Volkswagen down DM 3.10 and Daimler Benz off DM 3.00, but BMW gained DM 1.40 more. Elsewhere, VEBA receded DM 3.20 and Deutsche Bank DM 2.40.

The Domestic Bond market Bundesbank's new Bond issue, which is expected by market sources to break through the 7 per cent interest rate barrier. State Loans were marked down by as much as 50 pfennigs, with the Bundesbank absorbing DM 12.8m of paper after DM 8.6m purchases on Tuesday.

Paris

Stocks mostly drifted easier in quiet trading. Brokers said the downward movement was essentially technical following the gains observed since the start of this year, but weighing on market sentiment were events in Iran and dollar weakness.

Declines predominated in all sectors apart from mixed Banks and Portfolios, with Constructions leading the way down.

Declining issues included Schneider, Auxiliare D'Enterprise, Borel, Thomson Brandt, Nouvelles Galeries, Lefevre, CGE, Poclain and Babcock Fives.

Gaining against the trend were UCB, C. Tales de Luzenac, Merieux, Applications des Gaz, Imetal, Pechiney and Penarroya.

Johannesburg

Gold shares continued to improve in moderate trading, responding to sharply higher Bullion indications after the U.S. Treasury auction result. Among Heavyweights, Randfontein advanced R2.75 to R66.25, while Harties, after results, rose R2.00 to R37.00.

Mining Financials were firmer in line with gold producers, while Diamond leader De Beers gained 5 cents to R9.00. Among mixed Platinums, Implats added 15 cents at R4.25. Elsewhere, Consolidated Murchison put on 30 cents to R4.95, following results.

Milan

The Bourse was closed yesterday due to a stockbrokers' strike in protest against the Government's delay for definite proposals to review the Italian stock markets.

Hong Kong

After Tuesday's advance, stocks became easier-inclined yesterday, but the market ended above the day's worst after a moderate business. Dealers said the overnight Wall Street retreat upset sentiment. The Hang Seng index, up 20.43 the previous day, reacted 5.38 to 540.44.

Australia

With profit-taking continuing yesterday, Oils and Industrials displayed a downward tendency while Minings closed with irregular movements.

BHP, recently a buoyant market on speculation regarding its oil drilling interests, retreated 18 cents more to A$9.44.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
● SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m% tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

Indices

NEW YORK—DOW JONES

	Jan. 16	Jan. 15	Jan. 12	Jan. 11	Jan. 10	Jan. 9	1978-79 High	1978-79 Low	Since Compilat'n High	Since Compilat'n Low
◆Industrials	835.59	848.67	836.28	828.85	824.55	831.45	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	84.15	84.09	84.11	84.38	84.27	84.42	89.86 (4/1/78)	84.05 (15/1/79)	—	—
Transport	215.89	218.79	217.67	215.48	214.60	216.60	261.48 (8/9)	195.31 (9/1/78)	279.88 (7/2/69)	12.25 (8/7/32)
Utilities	101.86	102.10	102.06	101.25	101.22	101.29	110.88 (3/1)	97.75 (20/12)	165.32 (20/4/69)	10.58 (22/4/42)
Trading vol. 000's	30,420	27,660	37,290	24,580	25,080	27,540	—	—	—	—

◆ Day's high 846.06 low 833.25

Ind. div. yield %	Jan. 12	Jan. 5	Dec. 29	Year ago approx
	5.80	5.84	6.03	5.93

STANDARD AND POORS

	Jan. 16	Jan. 15	Jan. 12	Jan. 11	Jan. 10	Jan. 9	1978-79 High	1978-79 Low	Since Compilat'n High	Since Compilat'n Low
†Industrials	110.84	112.30	111.41	110.46	110.02	110.68	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.55 (30/6/32)
§Composite	99.46	100.58	99.85	98.76	98.77	98.88	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/63)	4.40 (1/6/32)

	Jan. 10	Jan. 3	Dec. 27	Year ago (approx.)
Ind. div. yield %	4.91	5.04	5.10	5.18
Ind. P/E Ratio	8.93	8.84	8.74	8.65
Long Gov. Bond yield	8.98	8.95	8.92	8.91

N.Y.S.E. ALL COMMON

Jan. 16	Jan. 15	Jan. 12	Jan. 11	1978-79 High	1978-79 Low
55.66	56.51	55.91	55.42	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Jan. 16	Jan. 15	Jan. 12
Issues Traded	1,899	1,870	1,865
Rises	433	892	1,204
Falls	1,098	579	332
Unchanged	368	399	329
New Highs	23	42	45
New Lows	15	6	8

MONTREAL

	Jan. 16	Jan. 15	Jan. 12	Jan. 11	1978-79 High	1978-79 Low
Industrial	222.58	223.89	223.08	225.84	228.06 (12/1/79)	162.80 (16/2)
Combined	232.86	255.67	255.61	251.61	255.61 (12/1/79)	170.52 (30/1)
TORONTO Composite	1355.4	1362.5	1366.1	1348.8	1362.5 (15/1/79)	998.2 (30/1)
JOHANNESBURG Gold	251.3	247.4	247.8	248.5	272.0 (14/8)	182.0 (20/4)
JOHANNESBURG Industrial	284.8	287.7	285.4	282.1	284.8 (16/1/79)	194.9 (13/3)

	Jan. 17	Previous	1978-9 High	1978-9 Low
Australia(¶)	562.65	564.16	598.79 (22/9)	411.19 (1/3)
Belgium (‖)	100.17	101.04	102.05 (15/1/79)	90.45 (25/8)
Denmark (**)	89.94	88.85	[illegible] (14/5)	88.03 (30/10)
France (††)	78.5	79.0	[illegible] (4/10)	47.8 (3/2)
Germany(‡‡)	834.0	839.6	863.8 (19/10)	759.4 (17/3)
Holland (§§)	84.1	84.4	93.1 (11/8)	76.0 (4/4)
Hong Kong (¶¶)	540.44	545.82	707.70 (4/9)	385.4 (13/4)
Italy (‖‖)	(c)	60.34	82.26 (20/9)	56.46 (10/1)
Japan (a)	456.56	459.25	460.16 (16/1/79)	364.04 (4/10)
Singapore(b)	355.85	358.67	414.00 (8/9)	282.0 (9/1)
Spain (d)	94.16	95.34	98.79 (2/1/79)	85.03 (12/1/79)
Sweden (e)	374.30	375.22	408.10 (4/8)	323.74 (6/1)
Switzerld(f)	300.6	302.8	323.7 (14/9)	281.6 (28/9)

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Ramada Inns	625,500	11¼	−¼
Bally Mfg.	616,200	56⅞	−4⅛
Del E. Webb	380,100	19⅛	−⅛
Chrysler	359,500	10⅞	+⅛
Caesars World	352,900	33½	−2⅞
Middle S. Utils.	307,200	15⅞	+⅛
McGraw-Hill	273,200	23⅞	−¼
Am. Home Prods.	271,900	28⅞	−¼
Holiday Inns	265,500	18⅞	−¼
Dow Chemical	243,800	26⅞	−⅛

BRAZIL

Jan. 17	Price Cruz	+ or −	Cruz Div.	Yld. %
Acesita	0.80	−0.01	0.12	15.00
Bancodo Brazil	1.60	+0.08	0.16	10.00
Banco Itau PN	1.65		0.37	22.42
Belgo Mi'eira OP	1.00	−0.02	0.08	8.00
Lojas Amer O.P.	3.24	−0.04	0.20	6.17
Petrobras PP	2.05		0.13	6.40
Pirelli OP	1.61		0.16	9.94
Souza Cruz OP	2.10	−0.02	0.23	10.48

BASE LENDING RATES

A.B.N. Bank	12½%
Allied Irish Banks Ltd.	12½%
Amro Bank	12½%
American Express Bk.	12½%
A P Bank Ltd.	12½%
Henry Ansbacher	12½%
Associates Cap. Corp.	12½%
Banco de Bilbao	12½%
Bank of Credit & Cmce.	12½%
Bank of Cyprus	12½%
Bank of N.S.W.	12½%
Banque Belge Ltd.	12½%
Banque du Rhone et de la Tamise S.A.	13 %
Barclays Bank	12½%
Barnett Christie Ltd.	13½%
Bremar Holdings Ltd.	13½%
Brit. Bank of Mid. East	12½%
■ Brown Shipley	12½%
Canada Perm't Trust	12½%
Cayzer Ltd.	12½%
Cedar Holdings	12½%
■ Charterhouse Japhet	12½%
Choulartons	12½%
C. E. Coates	12½%
Consolidated Credits	12½%
Co-operative Bank	*12½%
Corinthian Securities	12½%
Credit Lyonnais	12½%
Duncan Lawrie	12½%
The Cyprus Popular Bk.	12½%
Eagil Trust	12½%
English Transcont.	12½%
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	12½%
Greyhound Guaranty	12½%
Grindlays Bank	‡12½%
■ Guinness Mahon	12½%
■ Hambros Bank	12½%
■ Hill Samuel	§12½%
C. Hoare & Co.	†12½%
Julian S. Hodge	13½%
Hongkong & Shanghai	12½%
Industrial Bk. of Scot.	12½%
Keyser Ullmann	12½%
Knowsley & Co. Ltd.	14½%
Lloyds Bank	12½%
London Mercantile	12½%
Edward Manson & Co.	13½%
Midland Bank	12½%
■ Samuel Montagu	12½%
■ Morgan Grenfell	12½%
National Westminster	12½%
Norwich General Trust	12½%
P. S. Refson & Co.	12½%
Rossminster	12½%
Royal Bk. Canada Tst.	12½%
Schlesinger Limited	12½%
E. S. Schwab	13½%
Security Trust Co. Ltd.	13½%
Shenley Trust	14 %
Standard Chartered	12½%
Trade Dev. Bank	12½%
Trustee Savings Bank	12½%
Twentieth Century Bk.	13½%
United Bank of Kuwait	12½%
Whiteaway Laidlaw	13 %
Williams & Glyn's	12½%
Yorkshire Bank	12½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%. 1-month deposits 10½%.
† 7-day deposits on sums of £10,000 and under 10%, up to £25,000 10½%, and over £25,000 10¾%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

NEW YORK

Stock	Jan. 16	Jan. 15
Abbott Labs.	35¼	35¾
AM International	24¾	24½
Aetna Life & Cas.	41⅝	42½
Airproducts	25⅝	26⅛
Alcan Aluminium	35	35⅝
Alcoa	48½	49⅝
Alleg. Ludlum	16¼	16¾
Corning Glass	57¾	58⅜
CPC Int'rn'tional	51⅛	51
Crane	28¾	26⅝
Crocker Natl.	27¾	27⅝
Crown Zellerb'h.	31⅝	32⅝
Cummins Engine	35¾	35⅝
Curtiss Wright	15¼	15⅛
Dana	29⅞	30
Johns Manville	24⅜	25¼
Johnson Johnson	75⅝	76¼
Johnson Control	26	27
Joy Manufacturg	31¼	32½
K. Mar Corp	23⅝	23⅞
Kaiser Alumini'm	18	18⅛
Kaiser Industries	2	2⅛
Kaiser Steel	20¼	21
Kaneb Services	13⅞	13⅞
Kay	13¾	13½
Revlon	52½	53½
Reynolds Metals	35½	35¼
Reynolds R.J.	55⅞	56⅝
Rich'son Merrell	24⅛	24½
Rockwell Inter.	35⅝	35⅝
Rohm & Haas	36⅝	36¼
Royal Dutch	63⅛	63⅝
RTB	12⅞	13
Ross Togs	10⅞	10⅞
Woolworth	20⅞	20⅞
Wyly	5½	5⅝
Xerox	59⅞	61
Zapata	12¼	12⅞
Zenith Radio	14⅛	14½
U.S. Treas.4%'80	†94⅝	†94⅝
USTreas4¼%75/85	†78⅛	†78⅛
U.S. 90-day bills.	9.39%	9.57%
Weyerhaeuser	26⅞	26⅝
Whirlpool	18	18¼
White Con. Ind.	18⅝	18⅞
William Co.	16	15½
Wisconsin Elect.	26¼	26½
West Coast Trans.	12¼	12¼
Weston (Geo.)	23⅛	23⅛

† Bid. ‡ Asked. § Traded. ‖ New stock.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS 1434

GERMANY ♦

TOKYO ¶

Source Nikko Securities, Tokyo

AMSTERDAM

BRUSSELS/LUXEMBOURG

SWITZERLAND ●

COPENHAGEN ♣

MILAN

VIENNA

AUSTRALIA

Jan. 17	Aust. $	+ or −
ACMIL (25 cents)	†0.71	+0.01
Acrow Australia	†0.97	
AMATIL $1	†2.16	
Ampol Exploration	†1.45	−0.01
Ampol Petroleum	†0.75	−0.01
Assoc. Minerals	†1.85	
Assoc. Pulp Paper $1	†1.77	

PARIS

OSLO

JOHANNESBURG

Securities Rand U.S.$0.62½ (Discount of 45.6%)

STOCKHOLM

SPAIN ♥

COMMODITIES, RAW MATERIALS and AGRICULTURE

Rain boosts Indian crop prospects

NEW DELHI—Two days of rainfall this week, which ended a prolonged dry spell in Northern India, have improved winter crop prospects, Food Ministry sources said here yesterday.

If there are further rains in late February, this year's harvest would probably exceed last year's record 47m tonnes, which included 31.3m tonnes of wheat, they said.

The long dry spell and a shortage of diesel fuel were causing some concern in the food and agriculture industry, they added.

The Commerce Ministry said meanwhile that India would allow private traders to export wheat products at up to 50,000 tonnes this year.

Such exports were usually channelled through the state trading corporation (STC).
Reuter

Australia seeks improved EEC beef access

PARIS — Australia is pressing France for better access to the Common Market for Australian beef.

Mr. Victor Garland, Australian Minister for Special Trade Representations, had talks with M. Pierre Bernard-Reymond, French Secretary of State for Foreign Affairs and M. Pierre Mehaignerie, Agriculture Minister, on boosting trade, earlier this week. He also discussed the multilateral trade talks which are now in their final phase in Geneva.

Mr. Garland emphasised Australia's desire "to get an improvement for the relatively small access" to France, Britain and the other EEC countries for Australian commodities such as beef, cheese and primary produce, Australian officials said.
Reuter

Carter nominee ready for U.S. commodity post

WASHINGTON — Mr. James M. Stone, Massachusetts State Insurance Commissioner plans to accept the job of chairman of the Commodity Futures Trading Commission if the Senate approves his nomination by President Carter.
Reuter

Lead market falls again as buyers back away

BY JOHN EDWARDS, COMMODITIES EDITOR

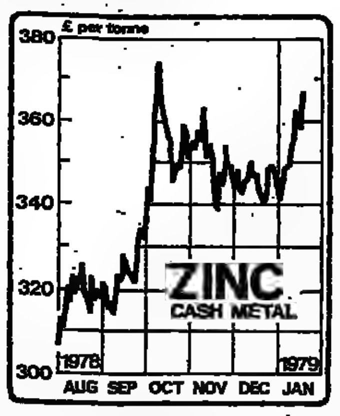
LEAD PRICES fell back on the London Metal Exchange yesterday amid a welter of rumours of new supplies coming in to relieve the current shortage and lingering suspicions about possible Government interference to cool the market down.

Buyers stayed out of the market, and stop-loss selling against previous purchases, pushed the cash price down by £16.5 to £486.5 a tonne, more than £40 eblow the record level reached on Monday.

Some idea of where the rumours started came when Chloride, the big battery manufacturing group, confirmed it had approached the Government, in the form of the Department of Industry, to express its concern about the steep rise in lead prices.

The company asked whether any action could be taken to damp down prices and alleviate the nearby shortage of supplies. It suggested that the U.S. Government might be approached to release lead from its strategic stockpile.

No mention was made, unlike 1977, about speculators forcing prices up artificially. No response has yet been received from the Department, and it is difficult to see what it could say in any event.



The possibility of releases from the U.S. stockpile are remote. Lead held by the stockpile is below the required objective, so if anything in the future the stockpile will be a buyer rather than seller of lead. Any releases would have to be authorised by Congress, a lengthy process, and there is also a tight supply situation for lead in the U.S.

European dealers who have sought to buy lead there in recent weeks have met with little success, even though U.S. prices have been below those in Europe.

Some purchases have been made, but these are not sufficient to account for reports of large shipments coming into warehouses. However, it is believed that increased supplies of scrap lead are finally coming in.

Meanwhile zinc values advanced on the Exchange as more producers decided to follow Pennaroy's example of raising the European zinc quotation by $40 to $360 a tonne.

Despite London doubts about whether demand for zinc is strong enough to sustain a rise in the producer price, Boliden from Sweden, Outokumpu of Finland and Pressag of West Germany quickly confirmed they were raising their prices as well to $760 a tonne.

There is still some uncertainty about the position of other producers, but the general feeling is they will move up, even if it means that there is increased discounting to retain market shares.

EEC studies farm subsidy plan

BY MARGARET VAN HATTEM IN BRUSSELS

THE EEC Commission, alarmed by the threat to its long-term plans for farm price restraint posed by the current dispute over monetary compensatory amounts, is thinking hard about the introduction of national income subsidies for farmers in strong currency countries.

This, according to some Commission officials, may in the end be t he only way of resolving the current impasse between Germany, France and Great Britain which is delaying the introduction of the European Monetary System.

In essence, France is demanding that MCAs, which subsidise German farm exports while taxing French ones, should not be allowed to increase beyond their present level on a permanent basis.

Germany will accept this only if it does not lead to cuts in German farm incomes. This implies either a rise in common farm prices should the Deutschemark appreciate after the introduction of EMS, or some other form of topping up to compensate for the resulting drop in German national prices.

Britain would certainly resist any price rise, but would probably support the idea of national subsidies, which would throw back on to the German Government the cost of maintaining its artificially high prices.

This may require some bending of the Treaty of Rome, which forbids national agricultural subsidies. But the Common Agricultural Policy has always had a major social function, aiming to give farmers "secure and reasonable incomes" and it may be possible to separate the social and purely agricultural costs by introducing income subsidies under a special social provision.

This would weaken the link betaween income support and the high prices which stimulate over-production—a reform long sought by the UK.

But, although Herr Josef Ertl, German Farm Minister, has in the past declared himself in favour of national subsidies it is not clear whether he or the Governments of the other strong currency countries would accept the full burden

However, the Commission, which has been studying the implications of national subsidies for several months, considers the overall costs would not be alarmingly high.

Introduction of subsidies to curb MCAs could prevent potential gains to the EEC budget

But many consider this to be less important than the advantages of price restraint which would hold down the cost of subsidising exports to third countries and might, eventually, force national governments to do something about curbing production.

Decline in world sugar prices

By Our Commodities Staff

WORLD SUGAR prices drifted lower on the London futures market yesterday with the May raws position ending £1.075 lower at £104.075 a tonne.

In the morning the London daily raws price was fixed at £94 a tonne, the same as on Tuesday.

Sugar prices were buoyed at the beginning of the week by roumours of a swap arrangement involving the shipment of EEC white sugar to Russia against Cuban raws.

It was not stated whether the Cuban sugar was for shipment into the EEC or to some other world market putlet. In the absence of confirmation, however, the "bullish" infinence of this rumour has subsided and prices have eased.

Yesterday's decline was also encouraged by the announcement that the EEC Commission had authorised export subsidies on 57,000 tonnes of white sugar at its weekly tender. This total is substantially higher than in recent weeks. No offers for raw sugar exports were accepted.

A further depressing factor was Colombia's sale of raw sugar at 6.75 cents a lb. This price was even lower than Clombia's "distresed" sales have recently attracted since its exclusion from the U.S. market, traditionally its major utlet.

The U.S. halted sugar imports from non-members of Agreement late last year and the International Sugar Colombia has since been forced to seek alternative buyers for its exports.

Phosphates export record in Jordan

By Our Own Correspondent

AMMAN — The state-owned Jordan Phosphate Mines Company exported a record 2.16m tonnes of raw phosphate rock last year. This compares with 1.8m tons in 1977.

Production last year totalled 2.25m tons (1.77m in 1977) the company's secretary-general, Mr. Tahaseen Khreis said yesterday. East Europe and Asia continued to be the main export markets.

COFFEE MARKET

Mexico leads drive for stable prices

BY WILLIAM CHISLETT IN MEXICO CITY

MEXICO PLANS to push harder this year for positive action by the International Coffee Organisation (ICO) to stabilise prices.

In an interview Sr Manuel Aguilera Gomez, director of the Mexican Coffee Institute (Inmecafe), said that not until agreement was reached on quota distributions, certificates of origin and price ranges could there be a more stable price.

"It is one of our aims for 1979." There can be no tranquility in the market until there is agreement," said Sr Aguilera, who is also the head of the Latin American Coffee Price Stabilisation Fund.

He did not specify what pressure Mexico and the so-called "Bogota Fund" could bring to bear to achieve this except to mention the limiting of exports. It is difficult to see how this could be effective given that there are differences of opinion within the fund.

In December Guatemala accused Mexico, Colombia and Costa Rica of breaking the fund's agreement not to sell coffee from the 1978-79 harvest. Brushing aside this incident and saying that "the agreement is being followed by all" Sr. Aguilera denied that the fund was incapable of carrying out a co-ordinated marketing strategy.

The accused countries say that the export restrictions were not due to come into force until January. Guatemala's understanding was that the agreement came into effect in November.

The fund was working "moderately" well and its main problem was not infighting but "speculative manoeuvres" on the London and New York markets which were seriously undermining the fund. "Ten cents per lb of variation represents for Latin America a loss of $400m," Sr. Aguilera said.

"This is why we insist that the only permanent and lasting solution to avoid sudden fluctuations in price is to implement the agreement's clauses." Prices last year varied between $206 and $134 for every 100 lb bag of coffee.

While Sr. Aguilera claimed that the fund was working well in preventing excessively severe fluctuations he refused to confirm or deny reports that its resources were around $140m. Guatemala contributed its share of $10m earlier this month.

Mexico is one of the lowest voices in the group. Its harvest totalled 3.4m bags worth $405m. This year's crop is estimated at between 3.6m and 3.8m bags but the recent exceptional cold spell in five districts could peopardise this.

Imecafe has not fully calculated the damage done to the harvest but it is hoping that the recent estimate of 57 per cent (569,000 bags) was on the high side. No accurate figure will be known until later this month.

The areas hit by the frost were the districts of Coatepec, Tlapacoyan, Xocotepec, Cuetzalan and Las Llustecas which provide 26 per cent (997,000 sacks) of Mexico's total coffee output.

Coffee is an important part of the Mexican economy both in social and financial terms. Agriculture contributes around 10 per cent of the GDP and of this about 15 per cent comes from coffee. Along with sugar and tobacco it is a major product and taking into account all the processes it provides employment for at least 250,000 people.

There are 96,000 producers in the country and this year Inmecafe hopes to buy from 82,000. The purchase target represents 35 per cent of the crop compared with 24 per cent in 1978. The rest is harvested and exported by the private sector but Inmecafe vets all sales and fixes the price.

Inmecafe is not exporting any more coffee until early February following the sale of 378,000 new crop bags to Poland, East Germany, Yugoslavia, the Soviet Union, France, Spain and the U.S. This was a new move, for most of these countries stopped buying from Mexico for several years. But now there is an attempt to diversify the coffee exports. The U.S. takes 43 per cent of Mexican coffee.

Of the total sales 215,000 bags were from Inmecafe and 163,000 bags from private exporters.

"You in Europe are buying your coffee at equal or less in monetary terms to the prices in 1974," said Sr. Aguilera bemoaning the fluctuation in prices.

Farm investment probe planned

BY OUR COMMODITIES STAFF

PILOT SCHEMES to identify problems of obtaining risk capital for agricultural investment are being jointly launched by the Agricultural Mortgage Corporation and the Pension Fund Property Unit Trust, it was announced yesterday.

Both organisations in evidence to the Northfield Committee investigating farmland ownership and to the Wilson Committee reviewing financial institutions claimed there was a need for alternative sources of finance for agriculture and in particular for risk capital.

They were particularly concerned with two specific problem areas—the difficulty of young, qualified, farmers in obtaining finance to start a farming business; and the refinancing needs of a family farming business when a member of the family wants to withdraw capital.

To gain practical experience of the problems involved, the organisationst have decided to conduct a pilot scheme in each category. As a first step the Pension Fund unit trust has bought a farm in Wiltshire and is now advertising for a young farmer willing to enter into partnership with the trust.

The capital will be provided by the Pension Fund, Agricultural Mortgage Corporation and to a certain extent by the young farmer.

Preliminary calculations suggest that the farmer may have difficulty in earning sufficient profits in the early years, so the trust has agreed to charge a reduced rent, and the corporation a reduced rate of interest for five years.

The organisations are also looking for a suitable family farming business where they could study the possibilities of finding a combination of loan and risk capital at a supportable cost.

BRITISH COMMODITY MARKETS

COPPER—Barely changed on the London Metal Exchange. Forward metal opened lower at £835 reflecting the firmness of sterling but subsequently moved up to £841 on the morning kerb following speculative interest. In the afternoon the price traded in the £839-£842 range prior to weakening to close at £838 on the late kerb reflecting bull liquidation and a lower Comex. Turnover: 20,475 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	824-.5	-.75	824.5-5.5	-.5
3 months	840-.5	-.5	840.5-1	-1
Settl'm't	824.5	-7	—	......
Cathodes				
Cash	808-.5	-.5	807.5-8.5	-1
3 months	827-.5	-.5	827-8	-.75
Settl'm't	808-.5	-.5	—	......
U.S. Smt.	—	......	*73-5	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £824, 24.5, three months £839, 40, 39.5, 40, 40.5, 40. Cathodes, cash £808.5, 08, three months £827.5, 27. Kerb: Wirebars, three months £840.5, 41, 40.5. Cathodes, three months £827. Afternoon: Wirebars, cash £824.5, three months £841, 40.5, 39.5, 40, 39.5, 40.5, 41, 40.5. Kerb: Wirebars, three months £839.5, 39, 38, 38.5, 38.

TIN—Easier in fairly quiet trading. A fall in the Penang market saw forward metal open around £5,660 and remain in the £5,650-£5,680 range throughout the day prior to a close of £5,655 on the late kerb. Turnover: 1,230 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	5740-60	-125	5750-70	-50
3 months	5650-60	-105	5650-700	-50
Settlem't	5750	-150	—	......
Standard				
Cash	5720-30	-167.5	5710-20	-45
3 months	5650-5	-87.5	5650-5	-20
Settlem't	5730	-165	—	......
Straits. E	$1755	-25		......
New York	—	......		......

Morning: Standard, cash £5,730, 25, three months £5,660, 55, 50. Kerb: Standard, three months £5,660. Afternoon: Standard, cash £5,720, three months £5,660, 55, 60. Kerb: Standard, three months £5,660.

LEAD—Lower again with the market drifting lower on stop-loss selling and the withdrawal of the recent cash buying causing a narrowing of the backwardation from £50 to around £35. Forward metal fell away to £445, but picked up on modest short covering to close at £449.5 on the late kerb. Turnover: 11,900 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	485.5-6.5	-15.5	485-8	-18.5
3 months	455-.5	-11.25	452-.5	-4.5
Sett'ment	486.5	-15.5	—	......
U.S. Spot	—	......	*40.42	......

Morning: Cash £495, 94, 95, 96, 98, 97, three months £455, 54, 54.5, 55, 56, 55.5, 56. Kerb: Cash £496, three months £456, 55. Afternoon: Three months £456, 55.5, 55, 54.5, 54, 52, 52.5, 52. Kerb: Three months £452, 51, 50, 49, 47, 46, 47, 48, 49.5, 50, 48, 48, 49, 49.5, 50.

ZINC—Firmer following trade buying and fresh buying prompted by several producer price increases from $720 to $760. Forward metal opened around the £370 level and moved ahead to £379.5 before closing at £377.5 on the late kerb. Turnover: 7,450 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	364-.5	+3	365.5-7	+3.75
3 months	375-.5	+3.12	378-.5	+5.5
S'ment	364.5	+3	—	......
Prim.west	—	......	*31.5-35	......

Morning: Cash £364, three months £374, 74.5, 75, 74.5, 75.5, 76. Kerb: Three months £376.5, 77. Afternoon: Three months £378, 79, 78, 78.5, 78, 77.5, 78, 78.5. Kerb: Three months £379, 79.5, 79, 78, 77.5, 76.5, 77, 77.5.

ALUMINIUM—Quietly steady with forward metal trading between £627 and £629 before closing at £628 on the late kerb. Turnover: 2,625 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£		£	
Spot	628.5-9.5	-1.25	629-30	+1.5
3 months	628-.5	-1.5	628.5-9.5	-.25

Morning: Three months £628, 29, 28, 28.5. Afternoon: Three months £628, 29.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 5.1p an ounce higher for spot delivery in the London bullion market yesterday at 308.2p. U.S. cent equivalents of the fixing levels were: Spot 619.6c, up 15.4c; three-month 633.2c, up 16.6c; six-month 646.0c, up 18.4c; and 12-month 673.3c, up 13.4c. The metal opened at 307.3-308.3p (617-619c) and closed at 309.75-310.75p (621-622½c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	308.2p	+5.1	310.5p	+2.2
3 months	316.4p	+5.6	318.55p	+2.5
6 months	323.8p	+5.8	—	......
12 months	339.5p	+5.6	—	......

LME—Turnover 463 (56) lots of 10,000 ozs. Morning: Three months 315.6, 15.5, 15.6, 15.5, 16.4. Kerbs: Three months 316.4, 16.5, 16.8. Afternoon: Three months 319.2, 19.3, 19.2, 18.5, 18.6, 18.5. Kerbs: Three months 318.2, 18, 17.7, 17.8, 17.9, 18, 18.1, 18.2, 18.5.

COCOA

Cocoa futures were initially steady during the morning session reflecting some short covering but renewed Commission House and trade selling late in the day caused prices to close at the day's lows overall £25 lower, report Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
March	1605.0-07.0	-35.5	1628.0-1600
May	1640.0-41.0	-28.5	1678.0-40.0
July	1660.0-60.5	-21.25	1692.5-58.0
Sept	1678.0-1681	-11.0	1718.0-1680
Dec	1605.0-08.0	-23.0	1640.0-05.0
March	1618.0-20.0	-26.5	1655.0-20.0
May	1621.0-23.0	-27.0	1650.0-21.0

Sales: 3,896 (5,604) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price for Jan. 16 165.04 (166.76). Indicator price for Jan. 17: 15-day average 174.35 (174.94): 22-day average 175.18 (175.77).

COFFEE

ROBUSTAS traded in a narrow range in quiet conditions once more and trade houses were withdrawn in the morning, Drexel Burnham Lambert reports. Declines in New York failed to hit off sell orders in London and it was not until the close that values eased appreciably. Final levels were £15 lower on balance.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
January	1607-1610	-37.5	1617-1600
March	1336-1337	-14	1350-1335
May	1230-1232	-15.5	1244-1228
July	1186-1187	-17.0	1201-1198
September	1148-1150	-15.5	1166-1148
November	1120-1122	-15.5	1134-1122
January	1095-1097	-19	1108-1165

Sales: 3,522 (1,742) lots of 5 tonnes.

ICO Indicator prices for Jan. 16 (U.S. cents per pound): Colombian Mild Arabicas 170.00 (same); unwashed Arabicas 136.00 (same); other Mild Arabicas 128.83 (129.67); Robustas ICA 1976 134.00 (same); Robustas ICA 1968 134.50 (same). Daily average 131.27 (131.28).

GRAINS

LONDON FUTURES (GAFTA)—Grains opened 10p lower on old crops. Wheat initially traded 15p lower where good buying interest was seen which steadied the market. Volume was fairly thin and values closed about steady 5-15p higher. Barley saw demand for the spot and on lack of sellers closed firm 55p up on the day. Good commercial buying of the March-May options increased values to close 25-35 higher. New crops saw very little trade and closed unchanged on the day, Acli reported.

	WHEAT		BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
Jan	91.05	-0.05	84.90	+0.55
Mar	93.00	+0.10	86.45	+0.35
May	95.70	+0.15	89.00	+0.35
Sept	89.95	......	85.95	......
Nov	92.90	......	86.95	......

Business done—Wheat: Jan. 90.90-90.80, March 93.00-92.75, May 95.70-95.40, Sept. 89.95-89.95, Nov. 92.90-92.90. Sales 95. Barley: Jan. 84.45-84.45, March 86.00-86.45, May 88.60-89.05, Sept. 84.00-84.00, Nov. nil. Sales 145.

HGCA—Location ex-farm spot prices. Other milling wheat: Essex 90.00. Feed barley: Shropshire 83.20, Essex 82.20.

The UK monetary coefficient for the week beginning January 22 (based on HGCA calculations) is expected to increase to 2.282.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, unquoted. U.S. Dark Northern Spring No. 2, 14 per cent, Jan., Feb., March 91.70, transhipment East Coast. April-May 87.00 Tilbury. U.S. Hard Winter, 13½ per cent, Jan., Feb., March 87.25, transhipment East Coast. EEC unquoted. Maize: U.S./French unquoted. French, Jan. 109, Feb. 109.50, East Coast. U.S. Jan., Feb. 111.00, East Coast. S. African White Jan. 69. S. African Yellow Jan. 69. Barley: English feed fob Feb. 88.50, May, June 91.50, East Coast.

EEC IMPORT LEVIES—The following levies and premiums are effective for Jan. 18 in order of current levy plus Feb., March and April premiums (with previous in brackets), all in units of account per tonne. Common wheat: 83.09, rest nil (83.95, rest nil); Durum wheat: 122.67, 4.06, 4.06, 4.06 (123.54, rest nil); Rye: 89.93, rest nil (89.93, rest nil; Barley: 90.28, 3.81, 3.81, 3.81 (91.33, 3.81, 3.81, 3.81); Oats: 85.29, 0.91, 0.91, 1.22 (85.29, 0.91, 0.91, 0.91); Maize (other than hybrid for seeding): 77.30, nil, nil, 1.88 (77.30, nil, nil, 1.51); Buckwheat: 3.55, rest nil (4.65, rest nil); Millet: 73.14, rest nil (73.87, rest nil); Grain sorghum: 79.84, rest nil (80.59, rest nil); Flour levies: Wheat or mixed wheat and rye flour: 127.82 (129.02); Rye flour: 136.61 (137.38).

RUBBER

ABOUT UNCHANGED opening on the London physical market. Fair interest at lower levels, closing slightly steadier. Lewis and Peat reported the Malaysian godown price was 232 (same) cents a kilo (buyer, February).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
Feb	56.15-56.50	55.45-55.50	56.10-55.00
Mar	58.10-55.75	56.00-56.05	56.80-55.45
Apr-Jne	57.65-56.80	57.10-57.15	57.35-56.10
Jy-Sept.	58.70-58.75	58.25-58.50	59.75-58.20
Oct-Dec	60.60-60.85	61.40-61.45	61.60-60.35
Jan-Mar	62.95-63.00	63.05-63.70	62.95-62.50
Apr-Jne	65.10-65.15	65.80-65.85	66.20-64.65
Jy-Sept.	67.20-67.25	67.95-68.05	67.20-66.95
Oct-Dec	68.50-69.35	70.05-70.10	68.80-69.10

Sales: 36 (58) lots of 5 tonnes: 523 (420) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 55p (same); Feb. 56.75p (same); March 57.25p (same).

SOYABEAN MEAL

	Yesterday Close	+ or —	Business Done
	£ per tonne		
February	127.50-27.9	-2.05	127.70-25.50
April	125.10-25.2	-2.00	126.10-25.00
June	122.40-22.8	-1.45	124.00-22.50
August	125.00-25.4	-1.75	125.70-25.20
October	122.30-24.5	-1.30	—
December	122.00-25.0	-0.50	—
February	121.00-26.0	-0.50	—

Sales: 88 (124) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICES (raw sugar) £94.00 (same) a tonne cif for Nov.-Dec. shipment. White sugar daily price was fixed at £94.50 (£96.00).

News of a low-priced sale by Colombia produced an easier tone initially, but by the end of the morning prices had recovered some 50 points. Later, however, after the EEC had granted export restitutions for 57,000 tons, quotations again eased, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	101.60-01.65	102.85-02.90	102.75-01.50
May	104.95-04.10	105.10-05.20	105.10-03.75
Aug	107.60-07.65	108.95-09.00	108.10-07.50
Oct	110.50-10.50	111.60-11.70	111.80-10.50
Dec	115.10-15.75	114.50-14.70	115.40
March	118.00-18.50	119.00-19.45	119.00-18.00
May	120.25-20.75	121.25-21.70	120.90-20.50

Sales: 1,876 (1,463) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.85 (same) a tonne for home trade and £165.00 (£166.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for Jan. 16: Daily 7.64 (7.68): 15-day average 7.70 (7.73).

WHITE SUGAR—Close (in order buyer, seller, business, sales): April 98.50, 98.75, 98.50-98.25, 50; July 105.40, 105.60, 105.50-104.75, 34; Sept. 111.00, 111.50, 111.40-110.75, 18; Nov. 116.25, 116.60, 116.25, 5; Feb. 123.00, 123.50, nil, nil; April 127.50, 130.00, nil, nil; July 130.00, 135.95, nil, nil. Sales: 107 lots.

PRICE CHANGES

Price in tonnes unless otherwise stated.

	Jan. 17 1979	+ or —	Month ago
Metals			
Aluminium	£710	......	£710
Free market (cif)	$1,240/65	+2.5	$1,200/30
Copper cash W Bars	£825	-0.5	£744
3 months do. do.	£840.75	-1.0	£790.75
Cash Cathode	£808	-1.0	£760.75
3 months do. do.	£827.5	-0.75	£779.25
Gold Troy oz.	$228.625	+7.25	$215.625
Lead cash	£486.5	-16.5	£424.75
3 months	£452.5	-4.5	£405.25
Nickel	‡	......	......
Free Market(cif)(lb)	$1.69 1.75	-0.055	$1.65 1.80
Platinum troy oz.	£152	......	£155
Free Market	£181.7	+2.85	£172.55
Quicksilver	$200/210	+2.0	$148/55
Silver troy oz.	308.2p	+5.1	295.7p
3 months	316.4p	+5.6	304.55p
Tin cash	£5,715	-45.0	£6,985
3 months	£5,652.5	-20.0	£6,322.5
Tungsten (z)	$140.55	......	$145.56
Wolfram 22.04 cif	$127/133	......	$137/45
Zinc cash	£366.75	+3.75	£341.25
3 months	£378.25	+5.5	£351.75
Producers	$720	......	$720
Oils			
Coconut (Phil)	$1010r	-5.0	$935
Groundnut	‡	......	‡
Linseed Crude	£359	-5.0	£336
Palm Malayan	$635r	-7.0	$610
Seeds			
Copra Philip	$585r	......	$512.5
Soyabean (U.S.)	$292s	-3.0	$289
Grains			
Barley			
Home Futures	£86.45	+0.35	£85.5
Maize			
French No. 3 Am	£107.5	......	£106.5
Wheat			
No. 1 Red Spring	‡	......	£96
No. 2 Hard Winter	£87.25q	......	£87.75
English Milling †	£93.5x	......	£93.5
Other Commodities			
Cocoa Shipment	£1,891	-27.0	£1,999
Future May	£1,640.5	-26.5	£1,848.5
Coffee Future Mar.	£1,338.5	-14.0	£1,258.5
Cotton 'A' Index	76.45c	-0.2	78.56c
Rubber kilo	55p	......	57.25p
Sugar (Raw)	£94	......	£101
Wooltops 64s (kilo)	268p	......	271p

* Nominal. † New crop. ‡ Unquoted. n Jan.-March. q Jan.-Feb. r Feb.-March. s March. t Feb. x per ton. z Indicator.

WOOL FUTURES

LONDON GREASY—Close (in order buyer, seller). March 208.0, 210.0; May 214.0, 218.0; July 220.0, 225.0; Oct. 234.0, 240.0; Dec. 235.0, 242.0; March 236.0, 244.0; May 239.0, 250.0; July 239.0, 250.0. Sales: Nil.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller). March 180.0, 184.0; May 183.0, 185.0; July 184.0, 188.0; Oct. 187.0, 190.0; Dec. 190.0, 194.0; March 191.0, 195.0; May 193.0, 199.0; July 193.0, 199.0. Sales: Nil.

SYDNEY GREASY—Close (in order buyer, seller, business, sales) Micron Contract: March 348.1, 348.5, 348.5-347.5, 22; May 355.0, 355.5, 356.0-355.5, 9; July 360.8, 361.5, 361.0-360.7, 14; Oct. 363.0, 363.5, 363.1-362.6, 5; Dec. 366.3, 366.5, 367.0-366.5, 8; March 368.5, 369.5, 369.0-368.5, 11; May 372.0, 373.0, nil, nil; July 373.5, 375.0, nil, nil. Sales: 69.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Eire hindquarters 68.0 to 72.0, forequarters 44.0 to 46.0.

Veal: English fats 80.0 to 85.0; Dutch hinds and ends 98.0 to 105.0.

Lamb: English msall 60.0 to 64.0, small* 70.0, medium 58.0 to 64.0, heavy 54.0 to 62.0.

Pork: English, under 100 lb 36.5 to 46.0, 100-120 lb 36.5 to 45.0, 120-160 lb 35.0 to 43.6.

* Special quotation—very high quality produce in limited supply.

MEAT COMMISSION—Average fatstock prices at representative markets on January 17. GB cattle 73.21p per kg. l.w. (−0.71): UK sheep 139.2p per kg. est.d.c.w. (+2.0); GB pigs 62.6p per kg. l.w. (+1.4). England and Wales: Cattle numbers down 5.2 per cent, average price 74.03p (−0.09); Sheep numbers down 8.5 per cent, average price 141.3p (+3.6); Pig numbers up 3.2 per cent, average price 62.6p (+1.4). Scotland: Cattle numbers up 51.8 per cent, average price 70.61p (−2.31): Sheep numbers up 84.7 per cent, average price 128.6p (−1.9); Pig numbers up 200.0 per cent, average price 65.8p (−0.5).

COVENT GARDEN (prices in sterling per package except where otherwise stated)—Imported Produce: Lemons—Italian: 120's new crop 5.55-6.00; Cypriot: trays 4.50-5.50, boxes 80/180s 4.50-8.00; Spania: trays 30/40/45 2.00, boxes 5.60-5.80. Oranges — Spania: Navel/Navelines 3.30-4.00; Egyptian: Baladi 2.50-2.80; Israeli: Shamouti 3.70-4.80, Sevilles—Spanish: 5.70. Clementines — Cypriot: 10 kilos 3.20-3.60; Moroccan: 3.60-4.20. Satsumas — Spania: trays 2.80-3.40.

*

GRIMSBY FISH—Supply fair, demand moderate. Prices at ship's side (unprocessed) per stone: Shelf cod £3.60-£4.20, codlings £2.80-£3.60; large haddock £5.50-£6.40, medium £5.00-£5.50, small £4.00-£4.60; large plaice £3.80-£4.80, medium £3.50-£4.20, best small £3.80-£4.20; large skinned dogfish £9.50, medium £6.30; large lemon soles £8.50, medium £7.50; saithe £1.70-£1.90.

LEGAL NOTICES

THE COMPANIES ACTS 1948 to 1967
SWAN HUNTER GROUP LIMITED

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before the Ninth day of February 1979 to send their names and addresses and the particulars of their debts or claims, and the names and addresses of their Solicitors, if any, to

K. H. LARKINS and
P. W. BARROWS,
of 32 London Bridge Street,
London SE1 9SY,

the Joint Liquidators of the said Company, and, if so required by notice in writing from the said Liquidators, are by their Solicitors, or personally, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this Twelfth day of January 1979.

K. H. Larkins, P. W. Barrows,
Joint Liquidators.

In the HIGH COURT OF JUSTICE (Chancery Division) Companies Court. In the Matters of
No. 0046 of 1979
KILBOLANE (PAINTING CONTRACTORS) LIMITED
No. 0047 of 1979
P.J. CHAINS LIMITED
No. 0049 of 1979
THOMAS MORRISSEY & SONS LIMITED
No. 0050 of 1979
K.L. CARS LIMITED
No. 0054 of 1979
TOOLEY FREIGHT LIMITED
and in the Matter of THE COMPANIES ACT, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the winding-up of the above-named Companies by the High Court of Justice were, on the 8th day of January 1979, presented to the said Court by the COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39/41 Mark Lane, London, EC3R 7HE and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 12th day of February, 1979, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39/41 Mark Lane,
London, EC3R 7HE,
Solicitor to the Petitioners.

NOTE—Any person who intends to appear on the hearing of any of the said Petitions must serve on, or send by post to, the above-named notice in writing of his intentions so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than 4 o'clock in the afternoon of the 9th day of February, 1979.

IN THE MATTER OF
SANDMARKS (WATFORD) LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948.

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 28th day of February, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned
BRIAN MILLS,
of 1 Wardrobe Place,
Carter Lane,
London EC4V 5AJ,
the Joint Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 5th day of January, 1979.
BRIAN MILLS,
KENNETH DUNKLEY,
Liquidators.

AMERICAN MARKETS

NEW YORK, Jan. 17.

Copper—Jan. 71.95 (72.00), Feb. 72.20 (72.30), March 72.70-72.85, May 73.80-73.95, July 74.65-74.80, Sept. 75.65, Dec. 76.45, Jan. 76.75, March 77.35, May 77.95, July 78.55, Sept. 79.15.

Potatoes, Round Whites—March 5.91 (5.95), April 6.12-6.15 (6.17), May 6.93-6.95, Nov. 5.62-5.67, March 6.40-6.75, April 6.80-7.25. Sales: 2,327.

Pork Belly—Feb. 57.80-57.95 (57.40), March 57.00-57.10 (56.82), May 57.40-57.35, July 58.00, Aug. 56.55 bid. Sales: 6,875.

Shell Eggs—Jan. 60.00-59.80 (60.40), Feb. 55.35 (56.15), March 54.50, April 50.25, May 49.15, Sept. 57.40. Sales: 108.

Silver—Jan. 624.0 nom. (621.8), Feb. 627.0-627.5 (624.3), March 631.0, April 635.0-634.5, June 642.5-643.0, Aug. 651.0, Oct. 658.0, Dec. 668.5, Feb. 675.3, April 685.5, June 695.3, Aug. 704.5, Oct. 714.0, Dec. 724.0, Feb. 734.0, April 744.0 nom., June 754.5, Aug. 765.0 nom.

CHICAGO, Jan. 17.

†Lard—Chicago loose 24.50 (24.25). NY prime steam 26.00 traded (25.75 traded).

Live Cattle—Jan. 63.57-63.45 (62.77), Feb. 63.20-63.05 (63.15), April 64.55-64.75, June 65.75-65.60, Aug. 64.95-64.90, Oct. 64.30-64.27, Dec. 64.60-64.40, Jan. 64.55 bid, Feb. 64.60, April 65.20. Sales: 23,736.

Live Hogs—Feb. 53.25-53.40 (52.92), April 48.70-48.80 (48.65), June 50.10-50.00, July 50.32-50.25, Aug. 47.95 asked, Oct. 46.90 bid, Dec. 46.50, Feb. 46.95, April 44.95 bid. Sales: 7,130.

‡‡Maize—March 229¾-230 (231¼), May 238¾-238½ (240¼), July 243½, Sept. 246½, Dec. 250¼-251, March 258¾.

Plywood—Jan. 21.68 asked (21.60), March 21.16 (21.02), May 20.78-20.75, July 20.60, Sept. 20.32, Nov. 20.10 bid, Jan. 20.00 bid.

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100-ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56-lb bushel ex-warehouse, 5,000-bushel lots. § $s per troy ounce for 50-oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. || New "B" contract in $s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ** Cents per 59-lb bushel in store. †† Cents per 24-lb bushel. ‡‡ Cents per 48-lb bushel ex-warehouse. §§ Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots. ¶¶ C$s per tonne.

EUROPEAN MARKETS

ROTTERDAM, Jan. 17.

Wheat—U.S. No. 2 Dark Hard Winter 13.5 per cent, Jan.-March $157. U.S. Hard Winter Wheat ordinary Jan. $158, Feb. $154.50, March $154.50, w4 ETAO Feb.-March $154.50.

Maize—U.S. No. 3 Corn Yellow AFL $126.50, Jan. $123, Feb. ARR $122.75, Feb. $121.75, March $119, April-June $116.75, July-Sept. $118.75, Oct.-Dec. $116.75.

Rye—U.S. No. 2/Canadian Western April-May $123.

Oats—Norwegian: Jan. $108.50, 2/40 U.S.: Unquoted. U.S./Plate: Jan.-Feb. $102, Feb. $101, Feb.-March $102, March-April $98.50. Swedish: spot $96, 1/Canadian feed: Unquoted.

Sorghum—Argentine/U.S.: AFL $117, Jan. $117, Feb. $118, April-June $105.

Barley—U.S. No. 3/Canadian 1/2: All unquoted.

Soyabean—U.S. No. 2 Yellow Gulfports: Jan. $287, Feb. $288.35, March $288, April $286.25, May $285.75, June-Aug. $286, Sept. $285, Oct. $269.50, Nov. $268.75, Dec. $271.50, Jan. $275 sellers. U.S./Brazil: Unquoted. Lakes: Unquoted. Argentine: May-July $278.50 sellers.

Linseed—Canadian No. 1 Atlantic: April-May $297, May-July $298, Oct.-Nov. $294.50 sellers. Pacific: Feb.-March $308 seller. U.S. No. 1: Unquoted. Argentine: Unquoted.

Sunflowerseed—U.S./Canadian: Jan.-Feb. $329, April-May $314, May-June $313, Oct.-Nov. $284 sellers.

PARIS, Jan. 17.

COCOA (in FFr per 100 kilos): March 1487-1490, May 1528 limit down asked, July 1570 asked, Sept. 1527 limit down asked. Sales at call: Nil. Accumulative total. 143.

SUGAR (in FFr per 100 kilos): March 804-809, May 830-833, July 830-842, Aug. 875-883, Oct. 912-920, Nov. 905-925, Dec. 935-950, March 970-985. Sales at call: Nil.

INDICES

FINANCIAL TIMES

Jan. 16	Jan. 15	M'nth ago	Year ago
253.05	252.24	256.92	232.97

(Base: July 1, 1952=100)

DOW JONES

Dow Jones	Jan. 16	Jan. 15	Month ago	Year ago
Spot	377.09	378.31	387.84	347.57
F'tur's	372.32	374.06	381.93	356.87

(Average 1924-25-26=100)

MOODY'S

Moody's	Jan. 16	Jan. 15	M'th ago	Year ago
Sple Comty	994.5	996.1	969.9	897.9

(December 31, 1931=100)

REUTERS

Jan. 17	Jan. 16	M'nth ago	Year ago
1497.0	1499.9	1503.5	1415.7

(Base: September 18, 1931=100)

Lower Danish grain area forecast

COPENHAGEN—The Danish Statistic Office estimates 105,000 hectares of winter wheat and 65,000 of winter rye will be sown for the 1979 harvest.

The total area for both is about 25,000 less than the harvested 1978 hectarage it added, after having polled 9,700 farmers on their winter grain growing intentions.

The drop must be seen against the background of the late 1978 harvest and the bad weather surrounding winter grain sowings, the office said.
Reuter

Indonesia halts coffee expots

JAKARTA—Indonesia has suspended all coffee exports indefinitely because of rising coffee prices in the domestic market, Mr. Suhadi Mangkusuwondo, Director-General of Foreign Trade, said yesterday.

He said a ban on all coffee exports was imposed last week following the suspension of exports to Singapore a month ago.

Earnings from coffee exports in the first nine months of this year dropped to $353m from $600m in 1977.
Reuter

Government's attitude on pay and industrial problems arouses concern in equity and Gilt-edged markets

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan. 2	Jan. 11	Jan. 12	Jan. 23
Jan. 15	Jan. 25	Jan. 26	Feb. 6
Jan. 29	Feb. 8	Feb. 9	Feb. 20

* "New time" dealings may take place from 9.30 am two business days earlier.

The Government's proposals in an effort to avoid widespread disruption in the public services and its moves to persuade the trade unions to enter another social contract caused both equity markets and gilt-edged securities to retreat broadly yesterday. The relaxation in pay policy and the proposed tougher price controls for manufacturers particularly, aroused fears of a further squeeze on company profit margins.

Market nervousness in equities was obvious from the start with the confidence of the previous two days having been severely jolted by the Commons debate on the industrial situation. The release later in the morning of the Government's spending plans led to more concern and recent investors shied away from offerings on top-name industrials. However, buyers gradually regained their poise and selling was being absorbed at declining prices, albeit on an extremely selective basis.

British Funds encountered an increasing amount of stock and the tone worsened after the announcement of the White Paper on Government Expenditure. First assessments of its contents were gloomy and longer-dated securities were particularly hard hit, closing at the day's lowest with falls extending to ⅞. At the short end of the market, losses ranged to ⅜; the new short tap Treasury 12 per cent 1983 'A' makes its debut today but, being expensive in relation to the existing stock, is not expected to attract any interest.

Secondary equities were not nearly as depressed as the leaders, but response to company trading announcements yesterday was significantly less than on the two previous days. Speculative buying became more intermittent, although English Property attracted demand late following the approach from Eagle Star Insurance. Professional enthusiasm, too, was at a low ebb and this explained the lack of any recovery among the leaders, the FT 30-share index closing 7.5 down at the day's lowest of 474.0.

After recent firmness, the investment currency premium reacted in sympathy with the dollar's fresh decline and closed 4½ lower at 88¾ per cent. Yesterday's S.E. conversion factor was 0.6859 (0.6853).

Another moderate business in Traded Options saw 531 deals completed compared with the previous day's 508. ICI were particularly lively with 134 contracts done.

Dealings began in IAS Cargo Airlines which came to market by way of an introduction: from an opening of 88p, the 25p Ordinary eased to 87p before closing at 89p. The 6 per cent Convertible Preference opened at 1820p and finished at 118p. The shares are not officially listed, but can be dealt in under Special Rule 163 (2) (a).

Banks easier

A rising market of late on buying ahead of the dividend season which Lloyds is due to start on February 16, home Banks turned reactionary on profit-taking to close with falls ranging to 8. Elsewhere, the company's bid denial left UDT with a further fall of 3 to 45p and the 16 per cent Convertible Loan 1979-81 5 points down at £141, after £139.

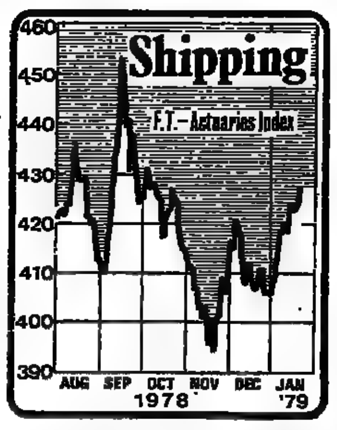
Narrow mixed price movements were the order of the day in Insurances which had Brentnall Beard softening 2 to 32p in front of today's preliminary results.

Fears that tougher price controls could affect the sector more than most left leading Breweries at lower levels following a reasonable two-way business. Allied gave up 2 to 84p, while falls of around 6 were recorded in Arthur Guinness, 168p, Whitbread A, 100p, and Bass, 165p. Elsewhere in the drinks market, Distillers fell back 6 to 204p and Arthur Bell lost 4 at 182p.

Building leaders followed the trend to lower levels, with Blue Circle reacting 5 to 270p and R. Costain 4 to 178p. Elsewhere, Gough Cooper rose to 76p initially, but reacted on the preliminary results to close a penny lower on the day at 72p. Westbrick attracted support at 70p, up 5, but the fall in annual profits left Whatlings a penny lower at 38p while Countryside Properties, a firm market of late, also eased a penny to 53p following their preliminary statement. Dealings were temporarily suspended in Mears Bros. at 15p; the company announced yesterday that due to further substantial losses Barclays Bank have been asked to appoint a Receiver.

ICI encountered scattered offerings and eased to 356p before settling at 358p for a fall of 4. Demand in a thin market lifted Viscose Development 4 to 79p, while Allied Colloids hardened a penny more to 81p on the half-yearly statement.

The withdrawal of speculative support in the absence of bid developments prompted a fall of 6 to 192p in MFI Furniture, while further profit-taking after recent Press-inspired strength left respective falls of 3 and 10 in D-I-Y concerns A. G. Stanley, 192p, and Home Charm, 265p. Status Discount cheapened 5 to 217p and Freemans 4 to 122p but Amber Day hardened a penny to 52½p, after 53½p, in response to the increased first-half earnings. Store leaders mirrored the dull market trend with falls ranging to 4. After the recent speculative spurt, Burton ordinary cheapened 3 to 195p and the A gave up 2 to 182p.



GEC were a fairly active market and reacted to 318p before closing 4 down on balance at 321p. Thorn gave up 7 to 361p, while EMI, 138p, and Plessey, 111p, eased 2 apiece. Profit-taking was evident in some of the other recent Electrical favourites, but the underlying trend held relatively steady. United Scientific gave up 7 to 290p and Racal 8 to 344p, while Eurotherm, 230p, and Ward and Goldstone, 110p, both eased a few pence. On the other hand, Wholesale Fittings encountered further support ahead of the interim results, due shortly, and put on 5 more to 247p.

Occasional selling and lack of support prompted dullness in the Engineering leaders where John Brown, 362p, and Hawker Siddeley, 220p, fell 10 apiece. GKN drifted off to close 4 cheaper at 253p and Vickers Baker Perkins, a particularly eased 3 to 188p. Elsewhere, good market of late, reacted 5 to 155p following news of the proposed £3.5m rights issue, but speculative demand took Moss Engineering up 7 to 72p; the share exchange offer from GEI Further support was forthcom- was announced late last night. ing for Chemring, up 5 more at 88p, while Victor Products improved a similar amount to 138p. Brooke Tool hardened a penny to 52p in response to the preliminary results, but Babcock and Wilcox, a shade lower at 154p, failed to benefit from news of the sale of the bulk of its holding in CIF Babcock Fives for £6¼m.

Leading retailers closed easier following Tesco's statement that less than a third of their supplies were reaching their intended destinations due to the lorry drivers' dispute. Tesco lost 2 to 54p, while Kwik Save, 80p, William Morrison, 91p, and Associated Dairies, 196p, showed falls to 4. Speculative demand, however, was still present for selected secondary issues. Avana put on 3 to 84p, F.M.C. added 2 at 80p, while Robertson rose 2 for a two-day gain of 10 to 140p.

With the preliminary results due today, Grand Metropolitan closed 4 cheaper at 112p. Trust Houses Forte shed 5 to 258p.

Misc. leaders dull

In Miscellaneous Industrial leaders, Glaxo drifted lower and ended 10 down at 490p, while Beecham relinquished 9 to 630p, after 627p. Profit-taking ahead of next Thursday's annual results left Rank Organisation 8 off at 276p. Features among secondary issues were harder to find than recently, although Finlas stood out with a gain of 13 to 103p in response to the better-than-expected results. Speculative support lifted British Vita a few pence to 136p, Whatman Reeve Angel added 7 to 260p on buying in a thin market and Amalgamated Metal also added 7, to 302p. RTD cheapened a penny to 15½p following the reduced interim ernings. Gomme softened 3 to 63p.

Among the Leisure issues, Anglia TV reported the expected good annual results and held steady at 90p in a dull market. Interest was still forthcoming for Samuelson Film Service, 4 better at 144p, but some selling left Saga Holidays 6 lower at 186p.

In Motors, Lucas, 296p, and Dowty, 258p, both eased 4. Henlys rose a fraction to 135½p on the 32 per cent rise in annual profit, but Lookers eased a penny to 65p on their preliminary statement. Peak added a penny to 9½p on news that the company's electronic interests are being sold to Irish concern Nissa for £650,000.

Properties were featured by a late upsurge in English on the revelation that Eagle Star, which already owns over 27 per cent of the company's share capital, has approached the group with a view to acquiring the outstanding shares; a shade easier at 39p throughout the "house" session, English quickly responded to the announcement with a jump of 4½ to 44p, which compares with the bid worth 37p per share currently on the table from Wereldhave; Eagle Star finished 3 off at 132p. Elsewhere, Stock Conversion hardened 2 to 298p following the sharp increase in mid-term profits and Warnford Investments added 5 to 357p in a thin market. Imry relinquished 4 to 403p ahead of interim results due on Monday.

Oils give ground

Light selling of Oils found the market unwilling. British Petroleum gave up 10 to 904p, while Shell eased to 560p before closing 6 down at 562p. Among secondary issues, Oil Exploration shed 6 to 222p, and Lasmo 4 to 128p.

Trusts took on a mixed appearance after the recent useful improvement. Among the occasional bright spots, Jersey External Preferred firmed 5 to 172p and Colonial Securities Deferred a similar amount to 338p.

Assisted by Press mention, Shipping shares put on a relatively firm performance compared with most other sectors. Furness hardened 2 to 237p and P. and O. Deferred a penny to 88p.

Textiles remained idle although the odd bright spot emerged. John Foster rose 4 to 55½p on *vague talk of a bid, possibly from* Vantona which holds a 15.7 per cent stake in the company. Interim figures had little effect on Leigh Mills which closed at the overnight level of 22p. Montfort's proposed rights issue similarly made no impact, the shares holding at 71p. Albion rose 3 to 26½p on the return to profits and dividend.

A general feelyng that Sime Darby will increase its 425p per share offer for Guthrie was fuelled by news of Sime's $50m loan which the latter says will help finance the bid. Guthrie' however, closed 5 cheaper at 438p while Sime Darby lost 3 to 108p, after 106p. Elsewhere among Plantations, Sungei Krian added 3 to 95p against the trend.

Firmer overnight in Johannesburg, South African industrials recorded useful gains. Greatermans's A advanced 10 to 155p, while Tiger Oats put on 20 to 610p and Abercom 8 to 115p.

A better-than-expected outcome to Tuesday's U.S. Treasury gold auction prompted a further $7.25 rise in the bullion price to $228.625 per ounce and enabled South African Golds to make progress for the third successive day.

The Gold Mines index put on 4.3 more to 146.7, a three-day gain of 10.0, while the ex-premium index rose 3.0 to 100.6.

Activity in the market, however, was described as disappointing with prices marked up initially and moving ahead in early trading following modest Cape interest. Thereafter, business was minimal.

Gains in heavyweights ranged up to a point as in Randfontein, £30½, while Western Holdings put on a half-point to £17 and Vaal Reefs ⅜ to £14.

Cheaper-priced issues did rather better with Kinross 16 higher at 287p in front of the December quarter profits, Welkom 13 better at 258p and Stilfontein 11 firmer at 313p.

Platinums gained ground in sympathy with Golds. Impala put on 6 to 192p and Lyndenburg edged up a penny to 77p.

South African Financials were marked higher reflecting the tone in Golds. General Mining continued to improve and rose 10 more to 375p, while Anglo American and Union Corporation were both around 4 better at 329p and 300p respectively.

In London-registered Financials, the strong bullion price encouraged a gain of 4 to 184p in Gold Fields despite the weakness of UK equities.

Australians were steady in idle trading. However, speculative interest was seen in Pacific Copper, which advanced another 4 to 76p following rumours that the company has acquired some diamond exploration leases. Paringa attracted buying of a similar nature and rose 3½ to 21½p.

Elsewhere, Silvermines closed 6 firmer at 43p owing to persistent demand, while the return to profitability in the December quarter prompted Cape support of Murchison, which gained 20 to 230p.

Oilwell plan for Forth

A request for licences to drill in the Firth of Forth between the Isle of May and Inchkeith Island, is to be made to the Department of Energy by the P and O Petroleum Company who, with American and Canadian associates, carried out a seismic survey of the river last year.

The Energy Department said yesterday that the proposed wells were so close inshire that a drilling licence would be granted only after close consultation with the Scottish Office.

FINANCIAL TIMES STOCK INDICES

—	Jan. 17	Jan. 16	Jan. 15	Jan. 12	Jan. 11	Jan. 10	A year ago
Government Secs.	67.51	67.92	67.87	68.09	68.00	68.17	77.00
Fixed Interest	69.96	70.09	70.07	70.33	70.31	70.42	80.83
Industrial	474.0	481.5	482.8	474.7	477.5	478.6	476.3
Gold Mines	146.7	142.4	140.1	136.7	137.2	136.2	143.1
Gold Mines(Ex-$ pm)	100.6	97.6	95.5	95.2	96.5	96.0	110.2
Ord. Div. Yield	6.12	6.02	5.99	6.08	6.06	6.04	5.65
Earnings Y'ld % (full)	16.05	15.80	15.73	15.98	15.90	15.86	17.19
P/E Ratio (net) (*)	8.09	8.22	8.26	8.14	8.17	8.19	8.25
Dealings marked	4,403	4,600	4,719	4,413	4,151	4,380	6,128
Equity turnover £m.	—	70.99	80.35	75.17	137.80	64.27	64.94
Equity bargains total	—	12,700	13,842	13,338	12,831	11,242	13,298

10 am 483.1. 11 am 482.1. Noon 480.9. 1 pm 480.4. 2 pm 480.3. 3 pm 480.5.

Latest Index 01-246 8026.

*Nil=7.98.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978/9 High	1978/9 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.58 (3/1/78)	67.51 (17/1/79)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int	81.27 (9/1/78)	69.30 (13/11/78)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5	433.4	549.2	49.4
Gold Mines	[illegible]	[illegible]	[illegible]	[illegible]
Gold Mines (Ex-$ pm)	[illegible]	[illegible]	[illegible]	[illegible]

S.E. ACTIVITY

	Jan. 17	Jan. 16
—Daily		
Gilt Edged	153.9	174.2
Industrials	151.8	152.3
Speculative	43.6	37.8
Totals	100.2	104.7
5-day Av'ge		
Gilt Edged	[illegible]	[illegible]
Industrials	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]

NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978/79.

NEW HIGHS (40)

Burtonwood — BUILDINGS (4) — Baggeridge Brick, Lafarge S.A., Halstead (J.) — STORES (2) — Lee Cooper — ELECTRICALS (2) — Cray Electronics — Shaw (Francis) — FOODS (2) — Banks (Sidney C.), F.M.C. — INDUSTRIALS (13) — Alpine Hldgs., Assoc. Sprayers, Brammer (H.), British Cine., British Vita, Christie-Tyler, English & Overseas — LEISURE (1) — Horizon Midlands — MOTORS (1) — Henlys — SHIPPING (1) — Fisher (J.) — TEXTILES (4) — Foster (J.), Hollas Group, Mackinnon, S.E.E.T. — TRUSTS (2) — Negit S.A., Majedie Invs. — OILS (1) — British Borneo — RUBBERS (1) — Sungei Krian — MINES (2) — Pacific Copper, Yukon Cons.

NEW LOWS (38)

BRITISH FUNDS (31)

Treas. 9¼pc 1981, Treas. 12pc 1995, Treas. 12¼pc '92, Treas. 10pc 1992, Treas. 12½pc 1993, Exchqr. 12¼pc '94, Treas. 9pc 1994, Treas. 12¾pc '03-05, Treas. 8pc '02-06, Treas. 7¾pc '12-15, Exchqr. 12pc '13-17

LOANS (1)

Agricl. Mort. 5pc 1959-89.

BEERS (1)

Scot. & Newcastle

STORES (1)

Mothercare

ENGINEERING (3)

Ductile Steels, Neill (J.), Serck

INDUSTRIALS (1)

Glaxo

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	72	7
Corpns., Dom. and Foreign Bonds	1	18	49
Industrials	187	469	896
Financial and Prop.	63	156	294
Oils	5	14	19
Plantation	4	5	20
Mines	74	14	82
Recent Issues	2	7	22
Totals	336	778	1,307

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jan. 9	Jan. 22	Apr. 5	Apr. 18
Jan. 23	Feb. 5	Apr. 19	May 1
Feb. 6	Feb. 19	May 3	May 15

For rate indications see end of Share Information Service

Call options were completed in Premier Oil, Courtaulds, Spillers, Burmah, John Brown, William Press, Eagle Star, KCA, W. I. Pawson, William Mowat, English Property, R. P. Martin, Guthrie, Wilmot Breeden, Renold, BOC, L.R.C., K. O. Boardman and Y. J. Lovell. A put was reported in RTZ while doubles were arranged in UDT, RTZ, Baker Perkins and Hardy "A."

LONDON TRADED OPTIONS

Option	Ex'rc'se price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
[illegible]								

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Wed., Jan. 17, 1979

Figures in parentheses show number of stocks per section

No.	Equity groups & sub-sections	Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Tues. Jan. 16	Mon. Jan. 15	Fri. Jan. 12	Thurs. Jan. 11	Year ago (approx.)
1	CAPITAL GOODS (172)	233.61	−1.2	17.29	5.60	7.51	236.57	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]											

FIXED INTEREST PRICE INDICES

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

	British Government	Wed., Jan. 17	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	102.69	−0.15	—	[illegible]
2	5-15 years	104.95	−0.27	—	[illegible]
3	Over 15 years	113.07	−0.70	—	[illegible]
4	Irredeemables	120.74	−0.45	—	[illegible]
5	All stocks	107.90	−0.40	—	[illegible]

		Wed., Jan. 17 Index No.	Yield %	Tues. Jan. 16	Mon. Jan. 15	Fri. Jan. 12	Thurs. Jan. 11	Wed. Jan. 10	Tues. Jan. 9	Year ago (approx.)
16	20-yr. Red. Deb & Loans (15)	[illegible]								
17	Investment Trust Prefs. (15)	[illegible]								
18	Coml. and Indl. Prefs. (20)	[illegible]								

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Abbey Gilt Int. Tst.	95.9	100.9	-0.1	3.47
Abbey Capital	34.7	36.6	-0.3	4.47
Abbey Income	41.4	44.4	-0.4	6.37
Abbey Inv. Tst. Fd.	36.3	38.6	+0.1	4.74
Abbey Gen. Tst.	46.2	49.2	-0.5	4.35
Equitas Prog. Tst.	67.9	71.6	-0.7	4.70

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Frambington Unit Mgt. Ltd. (a)
5-7 Ireland Yard, EC4B 5DH. 01-248 6471

American	49.8	52.8	—	1.06
Capital Tst.	137.2	145.8	—	3.92
Income Tst.	110.2	117.2	—	7.53
Int. Growth Fd.	118.8	126.3	—	2.08
Do. Accum.	123.4	131.2	—	2.08

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	45.1	48.2	+0.2	4.32
Do. Accum.	59.5	63.6	+0.2	4.32

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Inc.	85.2	90.4	—	3.40
Do. Acc.	103.2	109.7	—	3.40
G.T. Inc. Fd. Un.	159.2	169.3	—	8.50
G.T. U.S. & Gen.	128.4	136.5	—	9.10
G.T. Japan & Gen.	92.0	97.8	—	1.70
♦G.T. Pens. Ex. Fd.	148.5	155.4	—	3.40
G.T. Int'l. Fund	153.8	163.6	—	2.10
G.T. Four Yds. Fd.	54.3	57.7	—	7.60
G.T. Far East & Gen.	46.5	50.0	—	2.00

G. & A. Trust (a)(g)
5 Rayleigh Road, Brentwood (0277) 227300

G. & A.	33.6	35.9	-0.3	5.13

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP 01-283 3531

American Tst.	26.3	28.3xd	-0.6	0.18
British Tst. (Acc.)	57.6	61.9	-0.2	3.50
Commodity Share	156.7	168.5	-0.2	4.07
Extra Income Tst.	25.6	27.5	—	8.43
Far East Trust	36.7	39.5	—	0.92
High Income Tst.	61.8	66.5	-0.1	8.95
Income Fund	76.5	82.3	-0.1	6.80
Ins. Agencies	14.43	15.24xd	-0.14	3.76
Intl. Exempt Fd.	90.6	97.8	-0.4	7.05
Intl. Tst. (Acc.)	32.1	34.5	-0.3	0.71

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
3 Frederick's Pl., Old Jewry, EC2 01-588 4111

Extra Income	30.3	32.7	-0.3	10.60
Income	43.4	46.8	-0.4	8.90
Accumulation	65.6	71.1	-1.4	2.60
Growth††	39.6	43.0	-0.8	4.30
Capital	43.3	46.6	-0.1	4.90
Small Co's	40.2	44.2	-0.4	4.70
Technology	61.9	66.4	-0.6	3.70

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	52.2	56.3	—	4.94

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-623 6376

CORAL INDEX: Close 472-477

INSURANCE BASE RATES

†Property Growth	12%
‡Vanbrugh Guaranteed	11.25%

†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	US$15.99	+0.16	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ∅ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1978-79 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
105⅛	99 13/16	Treasury 11½pc '79‡‡	99 13/16	.....	11.51	11.89
97	94¾	Treasury 3pc '79‡‡	95⅛	−1/16	3.15	10.76
97⅞	95⅛	Electric 4½pc '74-79	95¾	−1/16	4.44	10.77
104 11/16	98 13/16	Treasury 10½pc '79‡‡	99	.....	10.61	11.77
96½	94¾	Electric 3½pc '76-79	95½	−⅛	3.67	9.25
103⅛	96⅜	Treasury 9pc 1980‡‡	97	−1/16	9.28	11.92
102	96½	Treasury 9½pc '80‡‡	97	−1/16	9.79	12.10
95⅛	92⅝	Treasury 3½pc '77-80	94½	.....	3.70	7.70
96½	93¼	Funding 5¼pc '78-80‡‡	94½	.....	5.56	9.51
110¼	100⅝	Exchequer 13pc 1980‡‡	100	−¼	12.91	12.52
106¼	97⅝	Treasury 11½pc 1981‡‡	98⅜	−¼	11.69	12.44
91⅝	88¼	Treasury 3½pc 1979-81	89⅞xd	.....	3.89	8.96
101¼	94	Treasury 9¾pc 1981‡‡	94	−¼	10.34	12.73
97	91¼	Exch. 8¼pc 1981	91¼	−¼	9.04	12.57
100¼	92¾	Exch. 9½pc 1981	93xd	−¼	10.22	12.84
87	85¼	Exch. 3pc 1981	85⅝xd	−¼	3.50	9.40
97⅞	95⅜	Treas. Variable '81§§	97¾	−¼	12.57	13.66
111	99	Exch. 12¾pc 1981‡‡	99	−¼	12.77	12.79
99⅜	89¾	Treas. 8½pc '80-82‡‡	90¼	−½	9.42	12.51
85⅝	82⅞	Treasury 3pc '82‡‡	84xd	−½	3.57	9.09
115⅞	102	Treasury 14pc '82‡‡	102	−⅜	13.63	12.92
96½	94	Treas. Variable '82§§	96⅜	−⅛	12.75	14.08
96⅝	87¾	Treasury 8¼pc '82	87⅞	−¼	9.39	12.69
100¼	89	Exch. 9¼pc 1982	89	−¼	10.39	13.07
96	87⅛	Exch. 8¾pc 1983	87	−¼	10.02	12.93
85¼	79¼	Exch 3pc '83	79⅝xd	.....	3.77	9.08
114¼	96⅝	Treasury 12pc 1983‡‡	96⅝	−¼	12.42	13.06
—	—	Treas. 12pc 1983 A●	£97¼	.....	12.34	12.88
100⅛	87	Treasury 9¼pc '83	87 xd	−¼	10.59	13.08
95	88	Exch. 10pc 1983	88	−⅜	11.28	13.19
89⅝	80¼	Funding 5½pc '82-84‡‡	81¼	−¼	6.77	10.41
		Five to Fifteen Years				
97⅝	96⅜	Exch. 12¼pc 1985	96⅜	−½	12.96	13.48
96⅞	83	Treasury 8½pc '84-86‡‡	83	−⅝	10.26	12.06
87⅝	75½	Funding 6½pc '85-87‡‡	75½	−⅝	8.77	11.41
89⅝	76¼	Treasury 7¾pc '85-88‡‡	76¼xd	−⅝	10.14	12.12
68⅝	60⅛	Transport 3pc '78-88	61½	−⅝	4.89	9.21
75⅝	63¾	Treasury 5pc '86-89	64¼	−⅝	7.94	10.94
115¼	90⅝	Treasury 13pc 1990‡‡	98xd	−⅝	13.28	13.37
89⅜	76	Treasury 8¼ 87 90‡‡	76	−⅝	10.97	12.35
106½	90¼	Treasury 11¾pc 1991	90¼	−⅝	13.06	13.45
75⅛	63¼	Funding 5¾pc '87-91‡‡	63½	−⅝	9.30	11.69
112	95½	Treasury 12¾pc '92‡‡	95½xd	−⅝	13.33	13.47
96½	79½	Treasury 10pc 1992	79½xd	−⅝	12.43	13.19
113	96⅝	Exch. 12¼pc '92	96⅞	−⅝	13.32	13.54
110⅝	93¾	Treasury 12½pc '93‡‡	93¾xd	−⅝	13.35	13.52
72⅛	60⅛	Funding 6pc 1993‡‡	60½	−½	10.27	12.12
		Over Fifteen Years				
120¼	102⅜	Treasury 13¾pc 1993‡‡	102⅜	−⅝	13.71	13.70
128⅞	110⅛	Treasury 14½pc '94‡‡	110½	−½	13.81	13.73
114⅛	92⅛	Exch. 12½pc 1994	92⅛xd	−⅝	13.39	13.60
89⅞	75½	Treasury 9pc '94‡‡	75⅜	−⅝	12.19	12.91
106¾	90	Treasury 12pc '95	90xd	−⅝	13.30	13.51
52½	43¼	Gas 3pc '90/95	44	−⅝	6.92	13.30
95	79¾	Exch. 10¼pc 1995	79¾xd	−⅝	12.74	13.19
114⅜	97	Treasury 12¾pc '95‡‡	97	−⅝	13.45	13.53
90½	75¾	Treasury 9pc '92/96‡‡	75¾	−⅝	12.39	13.01
131½	111⅞	Treasury 15¼pc '96‡‡	112¼	−⅝	13.98	13.85
117⅝	100	Exchequer 13¼pc '96‡‡	100⅛	−⅝	13.55	13.58
50	42¼	Redemption 3pc 1986-96	43½	−⅝	7.04	9.96
115¼	97⅝	Treasury 13¼pc '97‡‡	97⅝xd	−⅝	13.55	13.59
98⅜	79¾	Exchequer 10½pc 1997	79¾xd	−⅝	13.01	13.40
88¼	73½	Treasury 8¾pc 1997‡‡	73½	−⅝	12.47	13.04
72¼	59	Treasury 6¾pc '95-98‡‡	59	−½	11.73	12.58
135⅜	115⅜	Treas. 15½pc '98‡‡	115¾	−⅝	13.95	13.83
100⅛	91⅜	Exch. 12pc 1998	91⅜	−⅝	13.42	13.53
90½	74¾	Treasury 9½pc 1999‡‡	74¾xd	−¼	12.72	13.06
96¼	81¾	Treasury 10½pc 1999	81¾	−⅝	13.12	13.37
96¼	89¼	Exch. 12pc '99-02	89¼xd	−⅝	13.42	13.51
42½	34½	Funding 3½pc '99-04	34½	−¼	10.16	11.50
95¼	93⅝	Treasury 12½pc '03-05●	93⅝	−¼	13.52	13.54

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	22	.....	—	—
41	33	Do. 5pc Pref.	40	.....	—	—
98	98	Chilean Mixed	98	.....	—	13.10
22	6	Chinese 4½pc 1898	19	.....	—	—
35	4½	Do. 5pc 1912	35	.....	—	—
20½	4½	Do. 5pc 1925 Boxer	18	.....	—	—
415	350	German Yng. 4½pc.	415	.....	4½	—

BONDS & RAILS—Cont.

1978-79 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
54	46	Greek 7pc Ass.	50	.....	3½	f7.20
51	46	Do 6pc 28 Stab. Ass.	49	.....	6	f6.24
44	40	Do 4pc Mixed Ass.	40xd	.....	4	f5.13
55	42	Hung. '24 Ass	42	−2	4½	f6.87
77	65	Iceland 6½pc '83-88	68	.....	—	12.80
88	79¾	Ireland 7½pc '81-83.	79¾xd	.....	7½	13.73
91	76	Do 9¾pc '91-96	76	.....	9¾	14.00
425	265	Japan 4pc '10 Ass	390	+10	—	—
87	67	Do 6pc '83-88	67xd	.....	6	12.20
160	135	Peru Ass. 3pc	135	.....	3	2.25
75p	75p	S.G.I. 6½pc 1980	75pxd	.....	6½	8.67
599	$94½	Turin 9pc 1991	$94½	.....	9	9.53
DM91	DM82	Turin 6½pc 1984.	DM91	.....	6½	8.45
97	94	Uruguay 3½pc	97	.....	3½	3.80

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

1978-79 High	Low	Stock	£	+ or —	Div. Gross	C'vr	Y'ld Gr's
21¾	13½	ASA	17½	+⅞	$1.00	—	2.9
60½	59	AMF 5% Conv. '87	59	.....	5%	—	f4.8
38⅝	22	Amax $1	35⅝	−½	$2.20	—	3.1
50⅞	19½	American Express	22⅞xd	−⅝	$1.60	—	3.5
24¼	11	Amer. Medic. Int.	23⅝xd	−⅞	60c	—	12.2
15⅝	912p	Asarco Inc.	11⅛	−¼	40c	—	1.8
29¾	17⅝	Baker Intnl. Corp. $1	23½	−1½	44c	—	1.3
19¼	11⅞	Barnes Grp. $6⅔	17	−⅜	$1.0	—	3.0

CANADIANS

BANKS AND HIRE PURCHASE

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's	P/E
14½	9½	Fraser Ans. 10p	14¼	.....	—	—	—	—
199	157	Gerrard Natnl.	190	.....	g9.12	—	7.2	—
59	37	Gibbs (A.)	47	.....	2.23	—	7.1	—
255	195	Gillett Bros. £1.	220	.....	15.41	—	10.5	—
29	19	Goode D't Mry. 5p	20	+½	0.13	—	0.9	—
142	96	Grindlays	131	.....	2.79	7.1	3.2	4.7
130	93	Guinness Peat	120	.....	h5.15	—	6.4	—
217	155	Hambros	180	−1	†9.76	—	8.1	—
100	81	Hill Samuel	84	.....	†4.97	—	8.8	—
600	85	Do. Warrants	85	.....	—	—	—	—
360	203	Hong Shng. $2.50	287	−6	h0.59c	—	2.4	—
69	52	Jessel Toynbee	64	.....	g3.65	—	8.5	—
215	150	Joseph (Leo) £1	150	.....	8.74	—	8.7	—

BANKS & HP—Continued

Hire Purchase, etc.

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CENTRAL AFRICAN

MINES—Continued

AUSTRALIAN

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
15	9	Acmex 25c	13	......	—	—	—
156	64	Bougainville 50 Toea	152	-2	†Q8c	1.4	3.3
131	63	BH South 50c	126	+1	—	—	—
820	150	Central Pacific	450	......	—	—	—
336	148	Conzinc Riotinto 50c.	304	......	‡Q10c	2.2	‡
32	19	Cultus Pacific N.L.	30	......	—	—	—
27	9½	Endeavour 20c	20	-½	—	—	—
75	45	G.M. Kalgoorlie $1	64	+2	—	—	—
68	18	Haoma Gold N.L.	38	......	—	—	—
158	81	Hamptn Areas 5p.	150xd	......	♦13.55	2.0	3.5
40	10	Metals Ex. 50c	31	+2	—	—	—
237	125	M.I.M. Hldgs. 50c	237	+2	Q9c	1.7	2.3
22	10	Minefields Expl.	15	......	—	—	—
55	10	Mount Lyell 25c	55	......	—	—	—
56	12	Newmetal 20c	35	......	—	—	—
143	79	North B. Hill 50c	126	+3	Q8c	1.3	3.9
16½	8½	Nth. Kalgurli	12	......	—	—	—
50	12	Nth. West Mining	30	-2	—	—	—
178	115	Oakbridge $A1	136	......	Q12c	1.9	9.5
42	10	Otter N. L.	22	......	—	—	—
76	30	Pacific Copper	76	+4	—	—	—
£15½	725	Pancont'l 25c	750	-25	—	—	—
40	12	Parioga M&Ex.5p	21½	+3½	—	—	—
570	310	Peko-Wallsend 50c.	498	-2	Q15c	♦	1.9
300	50	Southern Pacific	170	-5	—	—	—
164	84	Westn. Mining 50c.	155	+1	Q3c	0.7	1.2
100	35	Whim Creek 20c	65	......	—	—	—

TINS

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	23	......	2.81	1.3	18.2
420	240	Ayer Hitam $M1	405	+5	Q300c	0.5	15.9
60	45	Beralt Tin	51	-1	4.0	♦	11.7
305	190	Berjuntai $M1	235	......	†Q110c	1.0	11.1
185	111	Geevor	150	......	H5.57	5.8	5.5
11	8½	Gold & Base 12½p	9½	......	—	—	—
350	220	Gopeng Cons.	310	......	18.0 D	♦	8.7
320	130	Hongkong	295	......	12.5	♦	6.3
93	64	Idris 10p	65	......	‡12.0	1.6	‡
11	7	Jantar 12½p	9½	......	—	—	—
84	63	Kamunting $M0.50	75	......	†Q12.5c	2.1	3.6
240	133	Killinghall $M1	240	......	—	—	—
470	280	Malay Dredging $M1	400	-5	Q175c	0.7	9.4
78	40	ΔPahang	43	......	—	—	—
78	50	Pengkalen 10p	63	......	4.5	♦	11.0
270	165	Petaling $M1	225	......	Q120c	♦	11.5
87	49	Saint Piran	75	......	†2.03	6.5	4.0
70	47	South Crofty 10p	55	-1	†4.19	2.0	11.4
245	140	South Kinta $M0.50	195	......	†Q145c	0.6	16.0
340	230	Sthn Malayan $M1	325	+5	Q190c	1.0	12.6
240	134	Sungei Besi $M1	220	......	mQ65c	5.3	6.4
85	55	Supreme Corp. $M1	70	......	ZQ10c	—	3.1
103	84	Tanjong 15p	100	......	6.60	0.8	9.8
100	74	Tongkah Hrbr. $M1	80	......	Q35.82%	0.7	9.6
270	148	Tronoh $M1	230	......	‡Q88c	1.6	‡

COPPER

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
104	54	Messina R0.50	82	-2	—	—	—

MISCELLANEOUS

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
68	35	Barymin	66	+2	—	—	—
17	9	Burma Mines 17½p	12	......	—	—	—
300	165	Cons. Murch. 10c.	230	+20	—	—	—
465	245	Northgate C$1	395	+18	—	—	—
264	164	R.T.Z.	258	......	9.5	2.8	5.5
90	30	Sabina Inds. C$1	42	-2	—	—	—
£12	687	Tara Exptn. $1	837	......	—	—	—
210	120	Yukon Cons. C$1	210	+5	Q7c	2.9	1.6

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
$15¾	$10¼	Buffels R1	$11⅛	+¼	Q170c	1.8	17.6
$11¾	830c	East Drie R1	920c	+20	†Q78c	1.7	9.8
585c	330c	East Rand Prp. R1	360c	+10	—	—	—
$28¾	$16½	F.S. Geduld 50c	$19	+½	Q315c	♦	19.1
$15⅛	975c	Pres. Brand 50c	$11⅞	+½	Q150c	♦	14.6
$13⅝	900c	St. Helena R1	$11	+¼	Q190c	♦	19.9
470c	313c	Stilfontein 50c	430c	+18	†Q22c	2.3	5.9
$19¾	$16¼	Vaal Reefs 50c	$19¼	+⅝	Q115c	3.3	6.9
$37	$25	West Drie R1	$29½	+½	Q385c	1.7	15.0
$31¼	$19	West Hldgs. 50c	$23¾	+⅝	Q415c	♦	20.6
$12½	895c	Western Deep R2	$11½	+¼	Q82.5c	2.4	8.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......	Sheffield Brick	52	......
Ash Spinning	81	......	Sheff. Refrshmt.	78	......
Bertam	14	......	Sindall (Wm.)	120	......
Bdg'wtr. Est. 50p	330	......			
Clover Croft	28	......	**IRISH**		
Craig & Rose £1	615	......			
Dyson (R. A.) A	35	......	Conv. 9% '80/82	£98¼	......
Ellis & McHdy	69	......	Alliance Gas	185	......
Evered	25	......	Arnott	380	......
Fife Forge	52	......	Carroll (P.J.)	93	......
Finlay Pkg. 5p	21	......	Clondalkin	98	......
Graig Ship. £1	140	......	Concrete Prods.	138xd	......
Higsons Brew	70	......	Heiton (Hldgs.)	48	......
Holt (Jos) 25p	252	......	Ins. Corp.	165	......
I.O.M. Stm. £1	230	+5	Irish Ropes	102	......
N'thn. Goldsmith	80	......	Jacob	50	-4
Pearce (C. H.)	198	......	T.M.G.	185	+10
Peel Mills	22½	......	Unidare	85	......

OPTIONS
3-month Call Rates

Industrials		I.C.I.	20	Tube Invest.	30
A. Brew	6½	"Imps"	6	Unilever	35
A.P. Cement	18	I.C.L.	20	Utd. Drapery	7½
B.S.R.	9	Inveresk	8	Vickers	15
Babcock	11	KCA	3	Woolworths	5
Barclays Bank	25	Ladbroke	17		
Beecham	35	Legal & Gen.	14	**Property**	
Boots	15	Lex Service	7	Brit. Land	3¼
Bowaters	16	Lloyds Bank	22	Cap. Counties	4½
B.A.T.	24	"Lofs"	4	E.P.	5
British Oxygen	6	London Brick	5	Intreuropean	4
Brown (J.)	20	Lonrho	5	Land Secs.	16
Burton 'A'	12	Lucas Inds.	25	MEPC	12
Cadburys	5	Lyons (J.)	18	Peachey	8
Courtaulds	10	"Mams"	7	Samuel Props.	9
Debenhams	8	Mrks. & Spncr	10	Town & City	1¼
Distillers	15	Midland Bank	25		
Dunlop	7	N.E.I.	12	**Oils**	
Eagle Star	11	Nat. West. Bank	22		
E.M.I.	14	Do. Warrants	10	Brit. Petroleum	45
Gen. Accident	17	P & O Dfd.	8	Burmah Oil	5
Gen. Electric	18	Plessey	8	Charterhall	3
Glaxo	40	R.H.M.	5	Shell	28
Grand Met.	9	Rank Org. 'A'	18	Ultramar	20
G.U.S. 'A'	20	Reed Intnl.	12		
Guardian	18	Spillers	3	**Mines**	
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A selection of Options traded is given on the London Stock Exchange Report page

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FINANCIAL TIMES
Thursday January 18 1979

● LORRY STRIKE CONTINUES ● COUNCIL MEN PLAN STOPPAGE ● RAILMEN REJECT PLEA

Food and exports are main problem

FOOD SUPPLIES and the general movement of exports yesterday emerged as the main causes for concern as a result of the lorry drivers' strike. Food manufacturers and retailers reported growing difficulties and it was estimated that exports worth nearly £100m a day are being held up.

But manufacturing industry appears to be learning to cope with some of the production and delivery difficulties caused by the drivers' picketing. Many companies are delaying lay-offs which they announced earlier in the week while some are recalling workers.

Yesterday, for example, BL, formerly British Leyland, did not go ahead with plans to stop production at its large Longbridge car factory in Birmingham where 8,000 lay-offs had been expected.

As a result of this and other similar decision, forecasts of 1m people being laid off by the end of this wek are being revised. The Confederation of British Industry admitted last night that it did not now have an estimate of what the total would be, although the figure was still rising.

So far well over 100,000 people are laid off. The worst hit areas are the North, where estimates put the total at over 50,000, and the Midlands where 20,000 are out of work.

Reports of picketing vary, with secondary picketing being eased in some areas, although there has been no significant shift in the pattern across the country.

The state of the country's food supplies led to claims and counter-claims yesterday. Mr. John Silkin, Agriculture Minister, denied suggestions from the Food Manufacturers' Federation that only a tenth of output from UK food factories is reaching supermarkets.

About 50,000 food industry workers have been laid off and the federation warned that in only a matter of days the total 600,000 workforce could be sent home if pickets did not allow raw materials and packaging into factories. Companies which have closed factories include Heinz, Kellogg, Cow and Gate and potato crisp producers such as Golden Wonder, Walkers and Smiths.

Food retailers were also reporting worsening problems. Tesco said it was not receiving 75 per cent of its supplies from manufacturers. The Co-operative Wholesale Society put its estimate at 30 per cent and said that butter and margarine were especially scarce.

Warnings that bread supplies might be hit soon by pickets holding back salt and other key ingredients were followed by Mr. Silkin announcing that the Transport Union had agreed to relax picketing on national salt supplies in Cheshire.

Public service unions lukewarm on offer

BY CHRISTIAN TYLER, LABOUR EDITOR

THE GOVERNMENT'S retreat on pay policy to avert a collision with essential public service workers received a lukewarm reception from union leaders yesterday.

Privately thety doubt whether the concession will be enough. Before the announcement they urged Minister not to let the Prime Minister quote figures because that would lock the negotiations for 1.5m health and council workers before they have really begun.

A national one-day stoppage and a series of demonstrations by effected unions called for Monday will go ahead. Considerable disruption is expected. Some groups intend to stay out indefinitely, among them 200 Essex sewerage workers.

Monday's action, which will bring thousands of workers to London for a rally and lobby of Parliament, will give the Government and the unions some idea of the strength of shop-floor feeling.

Leaders of the National Union of Public Employees (NUPE) see the concession, which means 7 per cent instead of 5 per cent for 1.1m local authority manual workers, simply as a higher starting point for their negotiations. The Confederation of Health Service Employees said it was "pessimistic" but would seek clarification.

Mr. David Basnett, general secretary of the General and Municipal Workers' Union, hid his disappointment with a statement that said the union would be looking to see if there was "anything on which we can build a solution."

At the Transport and General Workers' Union, which might prove the most militant in the dispute, Mr. Mick Martin, national secretary, said: "It doesn't look too good." The union was awaiting a new cash offer from the employers.

As well as the promised pay inquiry, the unions want either a much bigger cash offer now—more than 10 per cent—or a quick interim award from the inquiry that is in addition to any special rise next winter.

By naming the new pay limit, they said, Mr. Challaghan appeared to have blocked that route. Their members would not accept the £3.50 cash alternative if they then had to wait until next winter for the rest.

Meanwhile, the employers were frantically re-calculating their offers. Local authority employers saw the four unions yesterday to test their reaction to Mr. Callaghan's announcement, but no figures or negotiating date emerged.

On Monday, schools and council offices in many cities are likely to close. The London ambulance service may stop entirely and services in 28 of the 32 London boroughs will be affected, according to NUPE.

Transport workers' strongholds such as Birmingham, Bristol, Southampton, Portsmouth, the industrial belt of Scotland, and Northern Ireland, might be among the worst affected.

Hospital porters and many nurses may refuse to do work, omission of which does not endanger patients. Some municipal airports may close.

Continued from Page 1

State of emergency

garet Thatcher, the Conservative Leader, adopting a deliberately non-partisan stance in a party political television broadcast, called for urgent talks between Government and Opposition on restricting union power.

The Premier, addressing a special meeting of the Parliamentary Labour Party called to boost MPs morale, spoke of the Government's "profound concern" at trade union behaviour, and said the unions had an obligation to regulate themselves. The alternative was to have change imposed by the Tories.

Hazel Duffy writes: The Confederation of British Industry wants an urgent meeting with the Prime Minister and senior Ministers to discuss matters arising from the industrial situation and protest at the Government's proposed changes to prices legislation.

Some concern was expressed by the CBI yesterday that the Government's promise to make an exception of the lower-paid might lead to some unions making a strong claim for reopening settlements already agreed. So far there has been little pressure on the 12-month rule in pay settlements, but it is felt that this could now change.

Murray in rail peace move

By Philip Bassett, Labour Staff

MR. LEN MURRAY, the TUC General Secretary, intervened in the rail dispute yesterday after the train drivers' union, ASLEF, rejected the latest plea from Mr. William Rodgers, the Transport Secretary, to call off today's national rail strike.

Mr. Murray called in Mr. Ray Buckton, ASLEF general secretary, to a meeting last night, but the move was too late to stand any chance of averting the strike.

British Rail began to run down services from 10 pm, as it did before Tuesday's strike, to prevent rolling stock from being displaced when services resumed.

The union's executive rejected Mr. Rodgers' attempt to get today's strike called off, but held back from taking a decision on whether to continue the action next week until later today, when it will discuss Mr. Murray's intervention.

Earlier all three rail unions met members of the British Railways Board at a meeting, called again on the request of Mr. Rodgers, to discuss ways of re-starting talks on the Board's productivity proposals.

The National Union of Railwaymen, which claims the Board's productivity proposals will mean loss of up to 20,000 jobs, has been the major stumbling block to talks being resumed on the ASLEF claim for increases of 10 per cent, because Mr. Sid Weighell, NUR general secretary, is not prepared to trade jobs for money.

Germans press for co-ordinated action on Eurocurrency control

BY JONATHAN CARR AND NICHOLAS COLCHESTER

THE WEST GERMAN monetary authorities are pressing for co-ordinated, international action to help regulate the conduct of the Eurocurrency market. Sen iorU.S. officials are also showing increasing interest in such a development.

The pressure is coming chiefly from these two countries because they have borne the brunt of the recent instability in the currency markets. German officials feel that this regulation is an essential part of any successful strategy to stabilise the dollar and hence reduce the inflationary risks caused by large-scale intervention in support of the U.S. currency.

The German desire for increased regulation was underlined in a speech in Berlin on Tuesday evening by Herr Karl Otto Poehl, the Bundesbank's vice-president. His words were initially interpreted as a sign that the Bundesbank might be about to alter its policy of dollar support—and the U.S. currency fell as a result.

In fact, Herr Poehl was arguing that there were several key requirements for dollar stability. Among these were moves to bring "clarity and control" to the Euromarkets in general and to Euromarket lending in particular.

Herr Poehl noted that over the past four years Eurodollar credits had increased, on average, by 22 per cent annually and that the net volume now totalled almost $500bn (£250bn). Although previous moves to achieve more control over the market had failed, the sheer size of the transactions now remanded that new efforts be made.

He believed there was a growing recognition that something had to be done if this huge expansion of Euromarket credit was not to cause central banks to lose control of the money supply.

Underlying Herr Poehl's belief is the theory that the Eurocurrency markets have greatly increased the amount of international liquidity that can be mobilised in speculation against currencies.

To combat this speculation, central banks must buy the weaker currencies with strong currencies. This increases the money supply of the strong currencies and brings with it the threat of inflation.

Public support for this view came from a senior U.S. official over the weekend. Mr. Anthony Solomon, Under-Secretary for Monetary Affairs in the U.S. Treasury, told the Royal Institute of International Affairs in London: "Consideration can usefully be given to whether steps might be taken to bring banks operation in the Euromarket more completely and explicitly under the regulation and supervision of the national banking authorities."

Over the last year Mr. G. William Miller, chairman of the U.S. Federal Reserve, has from time to time drawn attention to the problem of what he has called "stateless money." In congressional testimony in November, he argued for "concerted central bank efforts," explaining that co-ordinated policies would demand "a common base and a willingness to apply the same rules."

Herr Poehl did not specify exactly what steps should now be considered and he warned against expecting quick success. But Bundesbank officials made clear that they feel this problem wil be one of the key currency issues this year.

The Bank for International Settlements will provide the forum for fresh discussions on the issue. It is the BIS which has led the way in compiling information on the Eurocurrency markets. The subject of Euromarket control has come to the fore periodically in recent years without any major changes made. The discussions have tended to conclude that the first thing needed was more "transparency" and sounder regulation within the individual banking markets.

Herr Poehl noted that other requirements for dollar stability were a decrease in the U.S. current account deficit, success in the American battle against inflation, and a greater interest differential to encourage capital flows to the U.S. from Europe.

He underlined teh urgency of this by stating that major Western central banks had taken up almost $50bn net in intervention last year.

Talk about the intervention policy of the German Bundesbank caused sharp fluctuations in the U.S. dollar in the foreign exchange market yesterday. Fears that the Bundesbank might be reducing its intervention in favour of the dollar pulled the dollar down to DM 1.826 at the start of the day. Reassurance from Dr. Leonhard Gleske, Bundesbank director, that intervention policy had not changed and buying by the Fed later increased the price to DM 1.846. The dollar closed in London at 1.8425, marginally down on its level the night before.

Euromarkets Page 32.
Money Markets Page 35

Banks plan to reveal more about profits and bad debts

By Michael Lafferty

THE BIG London clearing banks are planning to reveal more about profits and bad debts.

The new approach will be announced in a policy statement which is being drafted for publication by the Committee of London Clearing Bankers. The statement could be issued before the end of January, suggesting that the new moves will be implemented in the forthcoming batch of bank annual accounts in February and March.

At present the clearing banks do not reveal bad debts experienced in their accounts. Instead, following a convention known as the "Leach-Lawson rues," it is customary to set up provisions based on a five-year moving average of total advances.

Report on charges

The non-disclosure of these provisions, and transfers to and from profits, led to criticism from the Price Commission in a report on bank charges last year. "We are not persuaded that the confidence of depositors in the banks ... would in any way be threatened by disclosure," the Price Commission stated.

Following the Price Commission report the clearing banks formed a top-level committee tto look into the whole question of disclosure in bank accounts. The policy statement is the outcome of this study.

Apart from bad debts, the statement may indicate what accounting policies the clearers will follow for depreciation and deferred tax in 1978 accounts.

Rhodesia: no basis for all-party talks

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN yesterday confirmed that he had decided against any immediate attempt to achieve a negotiated settlement in Rhodesia through an all-parties conference.

The Prime Minister's decision follows a bleak report from Mr. Cledwyn Hughes, his special envoy to Southern Africa, on Rhodesia.

Mr. Callaghan told the Commons that the British and U.S. Governments would continue their attempts to secure a peaceful solution on the basis of their joint proposals. "We do not just intend to sit and wait for the situation to develop," he declared.

He rejected, however, any idea of a further public initiative and resisted Conservative demands for a permanent representative in Salisbury and British involvement in the elections due to be held in April.

Mr. Callaghan said diplomatic probes and pressures would be maintained and he would be ready to call a conference at once if events improved the prospects of success.

"I am not without hope that pressure can still be put on in order in due course to bring the parties to the conference table with a view to getting a settlement," he said.

Mr. Cledwyn Hughes: A bleak report.

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Public spending plans

rather than a blueprint for what actually happens in 1979-80.

The White Paper confirms last November's Treasury estimate that on present policies public sector borrowing in 1979-1980 should be £8.5bn. This is around 4½ per cent of expected Gross Domestic Product, the same as this year.

However, many City analysts believe that this estimate may already be on the low side for 1979-80, while it is incompatible with a tight monetary policy designed to contain inflation.

Sir Geoffrey Howe, the Shadow Chancellor, claimed that "the White Paper was out of date before the print was dry."

Sir Geoffrey said the White Paper fully vindicated the warning he gave last year that public spending in 1978-79 would be 8 per cent higher than in 1977-78, rather than the 2 per cent rise suggested by the Government.

The White Paper estimate for the increase for the current year ranges between 2.1 and 8.6 per cent depending on what assumptions are taken about shortfall and purely financial transfers and exceptional items. The underlying rise in spending has probably been at the lower end of the range.

For 1979-80 the range of increases in the volume of spending is from 2.1 to 4.6 per cent.

Trinidad and Tobago agree steel loans

PORT OF SPAIN — Trinidad and Tobago signed loan agreements for $284m yesterday to construct a large iron and steel complex by 1980. Dr. Eric Williams, the Prime Minister, who is also Minister of Finance, will sign along with representatives of some 16 international institutions providing the money.

The complex is being established on a sprawling new industrial estate at Point Lisas on Trinidad's south coast, and completion is expected to provide permanent jobs for at least 300 people.

The site is also expected to attract several other heavy industries including aluminum and petro-chemical plants. The Government has announced plans to build a deep water harbour to accommodate the large ocean-going cargo ships which would call at Point Lisas.

The complex is expected to produce initially 700,000 tons of red wire and 200,000 tons of billets annually for domestic use and export, according to Mr. Errol Mahabir, Minister of Petroleum and Mines.
Reuter

THE LEX COLUMN

The fear of wages

The stock market's nerve showed signs of cracking yesterday, with equities reversing the gains at the start of the week, and gilts showing losses ranging to ½ at the long end. By itself the White Paper on public spending would not have caused much concern, for its projections of continuing high borrowing requirements in the years ahead were already accepted as inevitable by the financial markets. The overnight concessions by the government to the unions served to sharpen the impact of the White Paper, however. A gilt-edged market which had pinned substantial hopes on the effectiveness of cash limits in the public sector was dismayed to see them being casually raised to finance extra for the lower paid and, more seriously, to accommodate the principle of comparability with the private sector.

As for equities, the Price Commission is promised a free rein to clamp down on price increases during invetigations. It is doubtful whether such legislation could actually be passed through Parliament in the present climate; all the same, the threat was enough to send a nasty shudder through politically sensitive sections like breweries, where the sector index fell 2.8 per cent on the day.

There is a strong air of unreality about the White Paper. Medium term projections by this fag-end Government would anyway have been of little more than academic interest, and the artificiality is increased by the use of central earnings assumptions which scarcely made sense when the document was drafted last autumn, and now look absurd. Still, there is a laudable attempt to hint at worse outturns, and the case C projections, based on earnings growth of 11 per cent a year, suggest that GDP would be rising more slowly than planned public spending, and that revenues would not be keeping pace with expenditure.

Moreover the projections take in a substantial shortfall allowance of £2bn a year, and even on the central basis of a 7 per cent rise in earnings the Chancellor will be facing a PSBR of almost £9bn when he draws up his Budget: this is on the assumption that he will not have a Parliamentary majority either to stop the automatic indexing of income tax allowances, the raising of bands, or to push through proposals to revalorise specific duties.

The numbers therefore look stretched, in a way that can only

Index fell 7.5 to 474.0

be cured by trimming back the planned growth of public spending. But the ability of a hand-to-mouth Labour Government to take such decisions ahead of an election must be in grave doubt, and in any event a period of extreme political uncertainty is now inevitable. The return of a Conservative Government would no doubt boost confidence in the City, but would not bring any automatic cure for the wages spiral which currently threatens public finances.

So far institutional investors have taken all this very calmly. At least the Government still has the monetary aggregates under control, so there is no immediate pressure to sell gilts. The funds appear to be taking the line that they will make periodic purchases of tap stocks but each time will be seeking higher yields. The long tap Treasury 12¾ per cent 2003-05 is now, at 93⅞, nearly two points under the last price at which it was supplied by the Government broker. Talk new is of the level to which the GB might drop the price in order to sell another few hundred £m worth.

Eagle Star/EPC

The snap reaction to the news that Eagle Star has approached English Property Corporation to talk about takeover possibilities is one of concern. Eagle Star may well think that the existing offer for EPC from Wereldhave is inadequate, but it does not have to go to the extreme of mounting a counter offer. It already owns 27 per cent of the company, which is a very strong base from which to persuade Wereldhave to be more generous—or to go away altogether.

The worry is that a successful bid for EPC would have major repercussions on the structure of Eagle Star's assets. Although EPC's gross property assets may not now be worth the £700m plus shown in its last balance sheet, this portfolio would still represent an enormous commitment for a group with insurance funds of under £1½bn at the last count.

Moreover EPC brings with it borrowings of £500m or more. This would be quite out of the ordinary in an insurance company balance sheet. Fixed debt tends to be shunned in the insurance business, for reasons that became vividly apparent in 1974 when the asset base collapsed in line with the world's securities markets.

Eagle Star could improve the numbers of deconsolidating (or selling) EPC's Canadian interests. But it would still have its work cut out to explain to its shareholders why an insurance company with a solvency margin as comfortable as its own needed to take on a property portfolio of the size and quality of EPC's. Its task would not be made easier by the close links which already exist between the two boards, however much they may be wearing their separate hats.

Henly's windfall

British Leyland dealers are rubbing their hands with glee about the new stock financing scheme shortly to be revealed by the National Enterprise Board in cahoots with N. M. Rothschild. Once operative it could free over £100m of dealers' money previously tied up in the old bulk deposit scheme.

For companies such as Henlys, British Leyland's biggest distributor, it could have a major impact. Henly's profits have shot up from £1.9m to £5.7m over the past couple of years but its turnover has also jumped by nearly 50 per cent which means that the amount of money it has had to lodge with BL has been rising rapidly. If it took full advantage of the new scheme its net cash resources could rise by as much as £4m — significently more than the £2.8m it was able to raise through a one-for-four rights issue last summer.

Under the planned scheme, future purchases from British Leyland will be financed by the new NEB financing body (rather than the dealer) which will charge around 1½ per cent above the Finance Houses base rate (currently 12½ per cent). This is effectively off balance sheet financing and the only reference to it in Henlys' accounts will be a not mentioning the contingent liability.

Weather

UK TODAY

COLD, mostly cloudy with a little snow or wintry showers in places.

London, E. Anglia, E., N.E., S.E., Cent. S. England, Midlands, Wales, S.W. England, Channel Isles.
Mostly cloudy, some snow or sleet. Max. 1-2C (34-36F).

Lakes, Isle of Man, Argyll, Cent. Scotland, N. Ireland.
Mostly dry, bright or sunny intervals. Max. 1-2C (34-36F).

S. and E. Scotland, Highlands.
Sunny periods, scattered wintry showers. Max. 1-2C (34-36F).

Western Islands, Orkney, Shetland.
Mostly dry, sunny periods. Max. 2-4C (36-39F).

Outlook: Bright or sunny periods, snow or wintry showers, very cold with frost.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amsdm.	C	—4	25	Madrid	F	9	48
Bahrain	C	22	72	M'chstr	Sl	3	37
Barclna.	C	10	50	Melbne.	R	17	63
Beirut	S	18	64	Milan	S	1	34
Belfast	S	1	34	Mntreal.	C	—16	3
Belgrd.	Sn	—4	25	Moscow	S	—11	12
Berlin	C	—1	30	Munich	C	—7	19
Brmghm.	R	2	36	Nwcstl.	F	5	41
Bristol	Sn	1	34	N. York	C	—2	28
Brussels	C	—6	21	Oslo	C	—4	25
Budpst.	S	—4	25	Paris	C	—5	23
B. Aires	S	30	86	Perth	F	23	73
Cairo	S	18	64	Prague	F	—2	28
Cardiff	Sl	2	36	Reykjvk.	R	5	41
Chicago	S	—5	23	Rio J'o	S	29	84
Cologne	C	—5	23	Rome	S	6	43
Cpnhgn.	Sn	—2	28	Singapr.	S	29	84
Dublin	S	3	37	Stckhm.	Sn	—3	27
Ednbgh.	S	1	34	Strasbg.	C	—4	25
Frankft.	C	—4	25	Sydney	F	27	81
Geneva	F	—4	25	Tehran	C	1	33
Glasgow	S	1	34	Tel Aviv	S	18	64
Helsinki	Sn	—7	19	Tokyo	C	8	46
H. Kong	C	18	64	Toronto	Sn	—5	23
Jo'burg	S	25	77	Vienna	F	—5	23
Lisbon	F	11	52	Warsaw	Sn	—4	25
London	Sl	2	36	Zurich	C	—5	23
Luxmbg.	C	—7	19				

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	8	46	Jersey	Sl	1	34
Algiers	S	15	59	L. Plms.	F	21	70
Biarritz	S	8	46	Locarno	F	3	37
Blackp'l	F	4	39	Luxor	S	20	68
Bordx.	S	3	37	Majorca	S	11	52
Boulgn.	C	—2	28	Malaga	C	14	57
Cas'b'ca	R	17	63	Malta	F	7	45
Cape T.	S	23	73	Nairobi	R	22	72
Corfu	S	8	46	Naples	S	6	43
Dbrvnk.	S	4	39	Nice	C	3	37
Faro	C	14	57	Nicosia	C	16	61
Florence	F	2	36	Oporto	S	10	50
Funchal	C	18	64	Rhodes	R	10	50
Gibrltr.	C	14	57	Salzb'rg	S	—6	21
G'rnsey	C	3	37	Tangier	C	16	61
Innsbrk.	S	—5	23	Tunis	F	10	50
Invrnss.	F	1	34	Valencia	C	12	54
Istanbul	F	8	46	Venice	S	2	36

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

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